

# Draft Consolidated Budget 2016-17

## Explanation of Proposals



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## **Mayor's foreword**

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Superseded by the Mayor's Background Statement (Part 1)

## Section 1 - Introduction and Overview

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### Introduction

- 1.1 The Greater London Authority (GLA) is the strategic authority for London and supports the Mayor and the London Assembly in delivering their respective responsibilities and functions. The GLA's five functional bodies are its principal delivery arms: the Mayor's Office for Policing and Crime (MOPAC; overseeing the work of the Metropolitan Police Service - MPS); the London Fire and Emergency Planning Authority (LFEPA); Transport for London (TfL); the London Legacy Development Corporation (LLDC) and the new Old Oak Common and Park Royal Development Corporation (OPDC) which was established in April 2015.
- 1.2 The purpose of this Document is to consult the London Assembly, functional bodies, London Boroughs, the Common Council of the City of London and other interested parties, such as businesses, on the Mayor's proposed Revenue Budget and Draft Capital Spending Plan for 2016-17.
- 1.3 This section sets out a summary of the key deliverables in the Budget, a summary of the overall proposals and the structure of the rest of the Document.

### Key deliverables

- 1.4 The Mayor's key objective in this Budget is to maximise value for the taxpayer through the rigorous pursuit of savings and efficiencies while protecting frontline services and directing capital investment to key priorities. The key deliverables in this Budget are, as follows, to:
  - increase the supply of affordable homes, delivering 100,000 over two Mayoral terms, and identify new and better approaches to increasing housing supply;
  - give talented young Londoners the opportunity to contribute to London's success by supporting and creating apprenticeship opportunities by 2016;
  - use the GLA's planning powers and significant land holdings to stimulate regeneration and create jobs;
  - maintain a police officer establishment at around 32,000;
  - maintain the existing targets for how quickly fire engines attend incidents;
  - reduce the number of people killed or seriously injured on London's roads by 40 per cent by 2020;
  - introduce a new 24-hour Tube service at weekends in 2016;
  - continue to deliver Crossrail, which will transform rail capacity and journey times and deliver the Northern Line extension to Nine Elms and Battersea;

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- invest £200 million in bus priority schemes, £913 million in cycling and £4 billion in London's roads;
- promote and deliver the regeneration of Queen Elizabeth Olympic Park and surrounding area, including starting the delivery of Olympicopolis; and
- unlock the potential of the Old Oak and Park Royal Opportunity Area.

### Overall Gross Revenue and Capital Expenditure of the GLA Group

1.5 Set out below is a summary of the planned total revenue and capital expenditure of the GLA Group in 2016-17 compared to 2015-16.

Total Gross Revenue and Capital Expenditure	2015-16 <sup>4</sup>	2016-17	Change	Change
	£m	£m	£m	%
Revenue:				
GLA: Mayor <sup>1</sup>	386.1	336.0	-50.1	-13%
GLA: Assembly	7.6	7.6	0.0	0%
Mayor's Office for Policing and Crime (MOPAC)	3,206.5	3,252.8	46.3	1%
London Fire and Emergency Planning Authority (LFEPA)	425.3	425.2	-0.1	0%
Transport for London (TfL) <sup>2</sup>	7,034.8	6,964.2	-70.6	-1%
London Legacy Development Corporation (LLDC)	40.5	40.8	0.3	1%
Old Oak and Park Royal Development Corporation (OPDC)	4.0	5.5	1.5	38%
<b>Total Revenue (GLA Services)</b>	<b>11,104.8</b>	<b>11,032.1</b>	<b>-72.7</b>	<b>1%</b>
Add business rates retention tariff payment to CLG to support local government services outside London	355.7	358.6	2.9	1%
<b>Total Revenue (including tariff payment)</b>	<b>11,460.5</b>	<b>11,390.7</b>	<b>-69.8</b>	<b>-1%</b>
Capital:				
GLA: Mayor <sup>3</sup>	1,097.5	812.1	-285.4	-26%
Mayor's Office for Policing and Crime (MOPAC)	266.0	228.2	-37.8	-14%
London Fire and Emergency Planning Authority (LFEPA)	38.6	58.8	20.2	52%
Transport for London (TfL)	4,066.2	3,581.2	-485.0	-12%
London Legacy Development Corporation (LLDC)	139.2	106.5	-32.7	-23%
Old Oak and Park Royal Development Corporation (OPDC)	0.0	0.0	0.0	0%
<b>Total Capital</b>	<b>5,607.5</b>	<b>4,786.8</b>	<b>-820.7</b>	<b>-15%</b>
<b>GRAND TOTAL CAPITAL AND REVENUE</b>	<b>17,068.0</b>	<b>16,177.5</b>	<b>-890.5</b>	<b>-5%</b>

#### Notes

1. GLA revenue expenditure for 2016-17 includes funding applied to support LLDC of £28.7m and for OPDC of £5.4m.
2. TfL gross revenue expenditure for 2016-17 is net of the £240 million reduction in its general operating grant. This does not necessarily imply that revenue expenditure reductions will be made.
3. GLA capital expenditure includes contributions to TfL for the Northern Line extension.
4. Revenue figures for 2015-16 are the revised budgets and the capital figures for 2015-16 are the forecast outturn.
5. Figures are the gross expenditure for statutory purposes and do not adjust for intra group transfers described in notes above.

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- 1.6 Overall gross revenue expenditure is slightly down in 2016-17 from 2015-16 after allowing for efficiency savings, committed growth and loss of Government grants. The net decrease in the Group's capital expenditure in 2016-17 primarily reflects the tailing off of Crossrail costs and the profiling of the GLA's housing investment programme, rather than an underlying reduction in capital expenditure.
- 1.7 After allowing for fares, charges, other income and use of reserves, **gross revenue expenditure of £11,390.7 million for 2016-17** (including rates retention tariff payments of £358.6 million) translates into **net expenditure to be financed from government grants, retained business rates and the council tax precept of £4,755.0 million.**

### **Council Tax Precept**

- 1.8 The GLA's precept is the amount of council tax the Mayor has to raise from London's 33 billing authorities (the 32 London boroughs and the Common Council of the City of London) to balance the GLA Group's revenue expenditure, after allowing for revenue grants from the Government and retained business rates.
- 1.9 **The Mayor proposes a reduction in the Band D precept** paid by residents of the 32 London Boroughs from £295.00 **to £276.00 – a decrease of £19.00 or 6.4 per cent.** This represents a reduction of exactly 10 per cent or £30.72 compared to the precept level at the start of the Mayor's second term in 2012-13. The 2017-18 and 2018-19 indicative budgets assume the Council tax precept remains unchanged for residents of the 32 boroughs. The provisional 2016-17 precept for the Common Council of the City of London which is outside the Metropolitan Police district is £69.21 – a decrease of £16.92. More detailed information about the precept and its calculation are included in Appendix H.

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- 1.10 The consolidated council tax requirement for 2016-17 is **£756.5 million**. Details of the component council tax requirements for each member of the GLA Group for 2016-17, and indicative figures for the next two years, are set out below.

<b>Component council tax requirements</b>	<b>Approved 2015-16 £m</b>	<b>Proposed 2016-17 £m</b>	<b>Plan 2017-18 £m</b>	<b>Plan 2018-19 £m</b>
GLA (Mayor)	118.3	48.8	54.6	60.4
GLA (Assembly)	2.6	2.6	2.6	2.6
MOPAC	566.5	566.5	568.3	570.1
LFEP A	138.2	138.2	138.2	138.2
TfL	6.0	6.0	6.0	6.0
LLDC	0.0	0.0	0.0	0.0
OPDC	0.0	0.0	0.0	0.0
Council tax Collection fund surpluses	-31.0	-5.6	-5.6	-5.6
<b>Consolidated council tax requirement</b>	<b>800.6</b>	<b>756.5</b>	<b>764.1</b>	<b>771.8</b>

- 1.11 The above table shows the impact of the Mayor's reduction in Council Tax in 2016-17 but assumes a 1 per cent increase in the council tax base and a council tax collection fund surplus of £5.6 million per year over the period 2016-17 to 2018-19.
- 1.12 The council tax requirement for 2016-17 and the Band D precept for the City of London area are subject to change before the Mayor's final budget is confirmed. There is potential for there to be a significantly greater degree of variation between the forecasts set out above and those presented in the final budget depending on the confirmation of the final taxbases for business rates retention and council tax and reported surpluses or deficits on billing authority collection funds.
- 1.13 Final information from billing authorities on their forecast business rates and council taxbases for 2016-17 along with their updated estimates on the outturn for 2015-16 will not be available until after 31 January. The impact of these will be reflected in the Mayor's final draft budget to be issued in February.
- 1.14 Forecast Council Tax precept income (the 'consolidated council tax requirement') and the other sources of finance for 2016-17 including government grants and fare revenues are summarised below:

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	£m	Per cent
Spending plans	11,390.7	
<i>Less:</i>		
Fares and traffic income	4,958.4	44%
Home Office Police General and Formula Grant	1,904.6	17%
Other general income	1,232.2	11%
Retained Business Rates	1,067.9	9%
GLA Transport Grant (general element)	435.7	4%
Home Office Specific Grants	374.6	3%
Business rates income used to fund tariff payment to DCLG	358.6	3%
Revenue support grant	168.1	1%
Use of Reserves	80.8	1%
Other Specific Government Grants	47.5	0%
Net Billing authority Collection fund surplus for council tax	5.6	0%
<b>Consolidated Council tax requirement for GLA Group</b>	<b>756.5</b>	<b>7%</b>

### Rates Retention and Revenue Support Grant

- 1.15 Appendix H sets out a summary and detailed breakdown of the revenue expenditure, Government grants and retained rates allocations made by the Mayor. Appendix I sets out the technical assumptions underpinning the planned funding allocations and the potential implications of the Government's intentions to devolve 100 per cent of business rates income to local authorities by 2020. The specific allocations – where applicable – to each functional body are addressed in the relevant sections.

### Business Rates Retention Tariff and Levy Payments

- 1.16 Under the business rates retention system the GLA is required to make a fixed tariff payment to the Department for Communities and Local Government which is uprated annually. This budget assumes that the tariff payment will increase by 0.8 per cent or £2.9 million from £355.7 million in 2015-16 to £358.6 million in 2016-17. This is in line with the September 2015 Retail Prices Index (RPI) which is used as the basis for uprating the non domestic rating multiplier (or tax rate per pound of rateable value).
- 1.17 Under the business rates retention system the GLA is required to pay 27 per cent of any real terms growth secured as a levy payment to the Secretary of State. Based on the forecasts assumed in this Draft Budget it is estimated that the levy payment for 2016-17 will be approximately £9.4 million. These are indicative estimates and the 2016-17 figures will be revised before the final draft budget to reflect the forecasts supplied by the 33 billing authorities by the end of January 2016. The actual levy payment to the Secretary of State, if applicable, will be based on the 2016-17 business rates outturn data submitted in September 2017. Further details are set out in Appendices H and I.

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### Funding Allocations from Sources over which the Mayor has direct control

- 1.18 The table below summarises the proposed funding allocations from revenue support grant, retained business rates and Council Tax to the GLA (Mayor and Assembly), MOPAC, LFEPA and TFL for 2016-17 compared to the 2015-16 original allocations. These are the funds which the Mayor has the ability to apply and reallocate across the GLA group at his discretion. No allocations are made for LLDC and OPDC as they receive their funding via the GLA and other sources. The allocations are subject to change to reflect the final local government and fire settlements approved by Parliament, the returns submitted by boroughs forecasting their business rates income and council taxbases for 2016-17 and the GLA's share of their forecast surpluses or deficits compared to their original forecasts for both business rates and Council Tax income for 2015-16.
- 1.19 The table below shows that the principal change in the allocation of funds across the GLA Group is the reduction in funding for the GLA which reflects the Mayor's reduction in his Council Tax precept. Resources for MOPAC provided by the Mayor have increased by nearly 5 per cent. More details are set out in Appendix I.

### Allocation of Funding Sources over which the Mayor has direct control

2016-17 (£m)	Mayor	Assembly	MOPAC	LFEPA	TfL	Total
Council tax	43.2	2.6	566.5	138.2	6.0	756.5
Revenue support grant	10.0	2.5	27.1	128.5	0.0	168.1
Business rates	95.8	2.1	0.0	115.8	854.3	1,068.0
<b>Total Mayoral Funding</b>	<b>149.0</b>	<b>7.2</b>	<b>593.6</b>	<b>382.4</b>	<b>860.3</b>	<b>1,992.6</b>

  

2015-16 (£m)	Mayor	Assembly	MOPAC	LFEPA	TfL	Total
Council tax	87.3	2.6	566.5	138.2	6.0	800.6
Revenue support grant	41.7	2.5	0.0	129.4	0.0	173.6
Business rates	80.4	2.1	0.0	114.7	847.5	1,044.7
<b>Total Mayoral Funding</b>	<b>209.4</b>	<b>7.2</b>	<b>566.5</b>	<b>382.4</b>	<b>853.5</b>	<b>2,019.0</b>

  

Change (£ m)	-60.4	0.0	27.1	0.0	6.8	<b>-26.4</b>
Change (%)	-28.8%	0.0%	4.8%	0.0%	0.8%	<b>-1.3%</b>

### Additional savings proposals

- 1.20 Following the Comprehensive Spending Review on 25 November and the subsequent local Settlements for all members of the GLA Group, this draft budget sets out the impact of these announcements as far as has been possible within the timeframe. However, further detailed consideration will need to be given to the implications of each functional bodies local settlement details and their effect on services.

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### Equalities

- 1.21 All seven component bodies (the Mayor and Assembly and the five functional bodies) must comply with section 149 of the Equality Act 2010. Compliance with the duty is iterative and on-going. It includes carrying out a process to identify and actively consider potential detrimental impacts (if any) that may arise for individual protected groups and what mitigations (if any) could be implemented to address them at a level proportionate to the decision being taken.
- 1.22 The component bodies will undertake this at a budget level and in the implementation of their individual policies, programmes and projects. An interim assessment of the equality implications of each component body's Budget at this stage of the process are set out in each of their sections of this Document.

### Structure of Part 2

- 1.23 Revenue budget proposals and funding for each constituent body within the GLA Group is presented in organisational terms in **Sections 2 to 8** of this document. The GLA's proposals are shown first and the remainder are presented in order of magnitude of their council tax requirements. **Section 9** sets out the draft capital spending plans and borrowing limits for the GLA Group.
- 1.24 **Appendices A to I** provide more explanatory information on the budget proposals, including Appendices H and I which address the medium term financial outlook for the GLA Group, funding assumptions underpinning the budget proposals and information on the Government's proposals to fully devolve business rates. All figures are presented to the nearest £0.1 million. Please note that figures in the tables throughout the document may not sum exactly due to this rounding effect.
- 1.25 There are also more detailed public documents relating to the budget proposals, including those that have been the subject of individual scrutiny and discussion by the functional bodies. These are available on the GLA's and functional bodies' websites. For further information on these documents, or generally in respect of the budget proposals, please contact:

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## Section 2 – Greater London Authority Mayor of London

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### Introduction

- 2.1 The GLA is a strategic authority with a London-wide role to design a better future for the capital. The Mayor of London sets a citywide vision of improvement, develops strategies, policies and investment programmes to realise the vision and provides funding and encouragement to help make it a reality. The London Assembly holds the Mayor to account by examining his decisions and actions to ensure he delivers on his promises to Londoners.
- 2.2 For the purpose of budget setting the Mayor of London and London Assembly must be treated as separate constituent bodies. The component budget for the Assembly comprises estimates for direct expenditure and income, and appropriate contingencies and financial reserves for Assembly functions and is set out at Section 3. The budget for the Mayor is set out below and comprises the rest of the GLA, and includes expenditure incurred on accommodation in relation to the Assembly's business and goods and services provided or procured for the Authority in general.

### Key deliverables

- 2.3 The major GLA programmes supporting the Mayor's ambitions are, as follows:
- Strengthening local economies through the Mayor's regeneration funds with a focus on London's high streets;
  - Giving talented young Londoners the opportunity to contribute to London's success by supporting and creating apprenticeship opportunities;
  - Using the GLA's planning powers and significant land holdings to stimulate regeneration and create jobs and homes;
  - Planning for London's future, putting in place policies and strategies to seize the opportunities and address the challenges, including securing tomorrow's infrastructure;
  - Increasing the supply of affordable homes, delivering 100,000 over two mayoral terms, and identifying new and better approaches to increasing housing supply such as the creation of Housing Zones;
  - Tackling rough sleeping, with the aim that no-one spends a second night out nor lives on the streets;
  - Driving up standards in London's schools, boosting attainment and giving every child the platform they need to succeed;
  - Retrofitting and increasing the environmental efficiency of more of London's homes and public sector workplaces, saving carbon and cutting bills;

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- Making London greener and cleaner by supporting the planting and management of the capital's trees and the improvement of green spaces identified in the All London Green Grid – the capital's green infrastructure;
- Launching Licence Lite – the granting of a junior electricity supply licence by OFGEM to enable the GLA to become an operational licenced energy supplier to stimulate the development of energy generation schemes in London;
- Working with stakeholders to deliver more local energy generation projects for a lower cost, more secure and lower carbon energy supply for London;
- Working to continue to improve London's air quality through developing plans for the Ultra-Low Emission Zone and through the Mayor's Air Quality Fund;
- Helping Londoners to volunteer and do something great for their city, as well as encouraging young people to learn new skills through volunteering programmes;
- Building on the London 2012 sporting legacy further by continuing to attract major international sports events and further boost sport at the grassroots level;
- Enhancing London's cultural capital and deliver a diverse programme of events to create economic value, excite and put London in the world's spotlight; and
- Presenting London's case to Government and internationally as the world's destination for investment, tourism and talent.

### **Gross revenue and capital expenditure**

2.4 The GLA's combined capital and revenue budget for services in 2016-17 is projected under the Mayor's proposals to be reduced by £335.4 million. **The Mayor's gross revenue expenditure for the GLA in 2016-17 is proposed to be £694.6 million.** After netting off the forecast £358.6 million tariff payment payable to DCLG in respect of business rates retention the gross revenue expenditure on GLA services is proposed by the Mayor to be £336.0 million in 2016-17 – £50.1 million or 13 per cent lower than in 2015-16. This reduction reflects the profiling of the GLA's regeneration programmes and the reduction in the Olympic precept contribution to the Government.

2.5 **The Mayor's proposed Capital Plan for the GLA in 2016-17 is £812.1 million** – a reduction of £285.4 million compared to the forecast outturn for 2015-16. This arises primarily because of variations in the Mayor's housing capital programme and profiling of the GLA's contribution towards the LLDC's capital programme. The reduction in the GLA's draft capital programme therefore reflects the profiling of capital expenditure rather than an underlying reduction. The plan also includes future borrowing being drawn down in respect of the GLA's contribution towards the cost of the Northern Line extension to Battersea. The GLA's draft Capital Plan is set out in Section 9 and the GLA's proposed revenue budget is summarised below.

## Section 2 – Greater London Authority Mayor of London

### Net revenue expenditure and council tax requirement

- 2.6 After deducting fees, charges, investment income, business rate supplement revenues for Crossrail, and use of earmarked and general reserves, **net expenditure for 2016-17 for the Mayor is proposed to be £159.3 million.** After deducting income from government grants, retained business rates, and an assumed collection fund surplus forecast for council tax offset by an assumed retained business rates forecast deficit **the council tax requirement for the Mayor is proposed as £43.2 million.**

### Summary of GLA budget

- 2.7 The table overleaf summarises the GLA Budget at an objective (i.e. directorate) level. Appendix A summarises the budget at a subjective level. The investment proposals represent the current estimate of continuing approved policies and programmes within the current level of staffing. This –and putting in place break clauses within programmes as and when possible- reflects the objective to not unnecessarily constrain a new Mayor, who will set his or her own priorities following the Mayoral election in May.

### Explanation of budget changes

- 2.8 An analysis of the year on year movements in the council tax requirement is set out in the table below. The table compares the revised budget for 2015-16 with the proposed 2016-17 budget:

<b>Changes in the proposed council tax requirement for the GLA (Mayor) component budget</b>	<b>£m</b>
<b>2015-16 council tax requirement</b>	<b>87.3</b>
<i>Changes due to:</i>	
Inflation	1.4
Savings and efficiencies	-9.2
Change due to reduction in Olympic precept contributions	-32.7
Change in net service expenditure and other income	-2.3
Changes due to use of reserves and management of business rates and council tax income	-43.1
Change in Government grants	41.8
<b>2016-17 council tax requirement</b>	<b>43.2</b>

## Section 2 – Greater London Authority Mayor of London

### Mayor - Objective analysis

GLA Service/directorate analysis	Revised Budget	Forecast	Budget	Plan	Plan
	2015-16	2015-16	2016-17	2017-18	2018-19
	£m	£m	£m	£m	£m
<b>Directorate Expenditure</b>					
Development, Enterprise & Environment	33.6	22.3	10.4	10.2	10.2
Housing & Land	23.3	20.7	21.0	21.0	21.0
Communities & Intelligence	26.9	24.7	26.3	19.4	25.4
External Affairs	7.1	7.1	6.2	6.2	6.2
Resources	15.3	15.7	26.2	39.5	39.0
Corporate Management Team	1.1	1.1	1.1	1.1	1.1
Mayor's Office	4.2	4.2	4.2	4.2	4.2
Elections	6.5	4.2	10.7	0.3	0.8
<b>Sub-total Directorate expenditure</b>	<b>118.1</b>	<b>100.1</b>	<b>106.0</b>	<b>101.9</b>	<b>107.9</b>
Olympic Funding Agreement	61.0	61.0	28.3	0.0	0.0
Museum of London	7.6	7.6	7.6	7.6	7.6
London and Partners	12.0	12.0	11.0	11.9	11.9
London Legacy Development Corporation	27.5	27.5	28.7	25.6	27.0
Old Oak & Park Royal Development Corporation	3.7	3.7	5.4	5.4	5.4
Contingency	1.6	1.6	2.8	3.0	3.0
<b>Net service expenditure</b>	<b>231.5</b>	<b>213.5</b>	<b>189.8</b>	<b>155.4</b>	<b>162.8</b>
Financing costs – Crossrail	130.0	130.0	115.3	115.3	115.3
Financing costs – non Crossrail	17.2	17.2	19.6	22.9	25.2
Business rates retention tariff payment	355.7	355.7	358.6	505.3	516.9
Business rates retention levy payment	5.6	5.6	9.4	32.1	45.4
<b>Total net expenditure</b>	<b>740.0</b>	<b>722.0</b>	<b>692.7</b>	<b>830.9</b>	<b>865.7</b>
<b>Income</b>					
Crossrail Business Rate Supplement	-130.0	-130.0	-115.3	-115.3	-115.3
Business rates income to fund tariff to CLG	-355.7	-355.7	-358.6	-505.3	-516.9
Business rates income to fund levy payment	-5.6	-5.6	-9.4	-32.1	-45.4
NLE Contributions	0.0	0.0	-2.1	-5.1	-9.8
Interest receipts	-10.4	-14.4	-18.9	-19.6	-21.0
<b>Net revenue expenditure</b>	<b>238.3</b>	<b>216.3</b>	<b>188.4</b>	<b>153.6</b>	<b>157.3</b>
Transfer to/(from) reserves	66.6	88.6	-101.6	34.6	45.6
Transfer to MRR for business rates deficit	25.6	25.6	72.5	0.0	0.0
<b>Mayor's Financing requirement</b>	<b>330.5</b>	<b>330.5</b>	<b>159.3</b>	<b>188.2</b>	<b>202.9</b>
Council tax freeze specific grants	9.5	9.5	0.0	0.0	0.0
Other specific grants	5.1	5.1	4.6	4.6	4.6
Retained business rates	155.9	155.9	95.8	122.1	131.2
Revenue support grant	41.8	41.8	10.0	6.9	6.7
<b>Basic Council tax requirement</b>	<b>118.3</b>	<b>118.3</b>	<b>48.8</b>	<b>54.6</b>	<b>60.4</b>
Collection fund surplus council tax	-31.0	-31.0	-5.6	-5.6	-5.6
<b>Statutory Council tax requirement</b>	<b>87.3</b>	<b>87.3</b>	<b>43.2</b>	<b>49.0</b>	<b>54.8</b>

## Section 2 – Greater London Authority Mayor of London

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### **Inflation**

- 2.9 The Budget includes a provision for inflationary pressures of £1.4 million.

### **Savings and efficiencies**

- 2.10 The Budget includes savings of £9.2 million.

### **Changes due to the Olympic Precept**

- 2.11 The previous Mayor committed to raise £625 million from London Council Taxpayers as a contribution to the public sector funding package for the 2012 Olympic Games and Paralympic Games over the period 2006-07 to 2016-17. The present forecast is that this £625 million will have been raised by a Band D amount of £20 for 10 years and approximately £8 in 2016-17 (year 11). Under the Mayor's budget plans this element of the precept will therefore reduce to £8 in 2016-17 and not be required in 2017-18 as the £625 million contribution will have been secured.
- 2.12 The Mayor's component budget includes a sum of £28.3 million to be paid to the Department for Culture, Media and Sport in respect of Olympic precept liabilities for 2016-17. This is £32.7 million lower than the figure in 2015-16 reflecting the £12 reduction outlined above. However the exact contribution to Government does not match the reduction in precept income as since the introduction of the localisation of council tax support in 2013-14 part of this has been financed notionally from revenue support grant. The balance of £8 of Band D Council Tax is assumed in the GLA's balances from 2017-18 onwards for a future Mayor to determine.

### **Changes in net service expenditure and other income**

- 2.13 Excluding the impact of the changes due to the Olympic Precept set out above the budget proposes changes in net service expenditure and other income of £2.3 million. As well as net changes in various directorates and programmes of approximately £2.6m, this includes the net impact of a £14.7 million reduction in forecast Crossrail financing costs due the repayment of principal, a net increase of £6.6 million due to the increase in the cost of the business rates tariff payment and forecast levy payment, and other net increases of £3.2 million.

### **Change in use of reserves and management of business rates and council tax income**

- 2.14 The budget proposes that the net change in resources due to use of reserves and management of business rates and Council Tax income, comparing the 2016-17 budget with the revised 2015-16 budget, will be £43.0 million.
- 2.15 This includes the effect of the planned usage of funds held in the Mayor's Resilience Reserve (MRR) to fund the Mayor's expenditure and also reflects the Mayor's management of business rates and council tax income through the MRR and the impact these items have on the funding streams controlled by the Mayor that are allocated to other members of the GLA Group. The net impact of these items on the GLA budget is £103.1 million.

## **Section 2 – Greater London Authority Mayor of London**

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- 2.16 The Mayor is proposing that the GLA will receive £95.8 million in funding via rates retention which is £60.1 million lower than the allocation to the GLA in 2015-16. £72.5 million of the allocation is forecast to be required to finance the residual balance of the retained business rates deficit for 2013-14 and 2014-15 – in line with the sum that it is anticipated the 33 London billing authorities will seek to recover through the sums payable to the GLA in 2016-17. This is treated as the provisional collection fund deficit for retained rates within the budget tables. This adjustment reflects the Mayor's decision to manage upsides and downsides in rates retention income centrally in order to maintain certainty in funding for functional bodies.

### **Change in Government Grants (Revenue Support and Specific Grants)**

- 2.17 The GLA will be allocated approximately £14.6 million in government grants in 2016-17 by the Mayor – a reduction of £41.8 million compared to 2015-16.
- 2.18 The largest single element of the GLA's government funding is general revenue support grant of £10.0 million which is around £31.8 million lower in cash terms than the Mayor's revised budget allocation of £41.8 million for 2015-16. This reduction reflects the impact of the protection being provided to LFEPA which is primarily delivered in 2016-17 through a reallocation of revenue support grant from the GLA.

### **London Enterprise Panel (LEP)**

- 2.19 The LEP is the body through which the Mayor works with London's business community, boroughs and the Corporation of London to take a strategic view of the regeneration, housing, skills and other social or environmental investments required in London. The LEP was allocated £57million in 2015-16 and an indicative £77.5 million in 2016-17, £8.7 million in 2017-18 and £8.7 million in 2018-19 as part of its Local Growth Deal.
- 2.20 The new 2014-20 EU programmes were launched earlier this year. The LEP (to which the Government has given strategic responsibilities in respect of EU Funds) has been awarded €745 million of European Social Fund (ESF) and European Regional Development Fund (ERDF) to invest in boosting jobs and growth for London. The 2014-20 ESIF strategy for London set out the key areas for ESF and ERDF investment against the LEP's four Jobs and Growth Plan priorities: Skills and Employment, SME Competitiveness, Science & Technology and Infrastructure. ESF is, for the most part, co-financed by national 'Opt-in' organisations: the Department for Work & Pensions (DWP), the Skills Funding Agency (SFA) and Big Lottery Fund. ERDF is allocated via an open, competitive bidding process.

## Section 2 – Greater London Authority Mayor of London

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### Skills and Apprenticeships

- 2.21 In light of the national commitment to create three million apprenticeships by 2020, the GLA's work in this area will continue to be a priority. An estimated budget of £1.8 million will be carried forward to 2016-17 to continue the Employer-led apprenticeship programme and work is taking place to focus on the construction sector where demand is increasing. Huge changes are expected in this area: the Apprenticeship levy announced in the Spending Review and Autumn Statement 2015 will be rolled out in April 2017. It will raise over £3 billion a year by 2019-20, £2.5 billion of which will be spent on apprenticeships in England only. This is the highest investment in real terms ever made for apprenticeships. Against this context, GLA is currently looking into the most effective way to maximise opportunities, and higher skilled apprenticeships in particular, in London.

### Housing

- 2.22 Whilst it is expected that GLA will have delivered the Mayor's commitment of 100,000 new affordable homes over his two Mayoral terms, delivering affordable housing for Londoners will continue to be a top priority throughout 2016-17. The GLA's planned housing investment is set out in more detail in its capital spending plan in section 9.

### Equalities

- 2.23 Equal Life Chances for All (ELCFA) is the GLA's main arrangement for mainstreaming equality – making sure equality is integrated into everything the organisation does, and sets out GLA's agreed statutory equality objectives. Progress made against these objectives is reported annually in the Mayor's Annual Equalities Report. While the Key Performance Indicators within the Business Plan are reported on quarterly, the revised objectives from the ELFCA framework will continue to be monitored annually by the Diversity and Social Policy Team. Progress is reported annually in the Mayor's Annual Equality Report, which demonstrates the GLA's compliance with section 149 of the Equalities Act 2010.

### Environmental impact

- 2.24 The Mayor's budget takes into account the targets he has set to improve London's environment, including a 60 per cent CO2 reduction on 1990 levels by 2025, halving transport related NOx emissions in central London by 2020, reducing those living in areas exceeding the EU limit values for NO2 by 70 per cent and increasing tree cover by 5 per cent by 2025. His single environment strategy (covering air quality, energy, climate change mitigation and adaptation, noise, biodiversity, water and waste issues), together with the complimentary policies in the London Plan, provides the framework on which the GLA considers the environmental impacts of its activities to ensure investment in regenerating London and supporting its economy is undertaken sustainably.

## Section 2 – Greater London Authority Mayor of London

### Reserves

- 2.25 The GLA's current policy is to maintain a minimum general reserve balance of £10 million after taking into account any accumulated losses on its commercial land and property transactions with GLA Land and Property Limited (GLAP). GLAP's accumulated losses after two years of trading totalled £48.6 million; the losses reflect the timing of expenditure and receipts being incurred and received. Therefore, at 31 March 2016 the GLA's general reserves balance is forecast to total £58.6 million. This balance is assumed at this stage to remain constant through to the end of 2018-19.
- 2.26 Following the introduction of the new local government finance system in April 2013 the Mayor established a resilience reserve to manage upside and downside risks relating to retained business rates and council tax. This reserve is also used to manage the implementation of the Mayor's precept reduction, council taxbase buoyancy, retained business rates surpluses or deficits and the application of other general revenue streams provided to the Mayor. The assumptions made to forecast the balances on the Mayor's resilience reserve are set out in Appendix I. Inevitably there is a significant degree of uncertainty particularly in relation to forecast business rates income.
- 2.27 The resilience reserve balances set out below will be updated once the relevant taxbase and collection fund data is received from billing authorities in respect of retained business rates and council tax. at the end of January 2016. However, elements of funding available to a new Mayor are included in the MRR for his or her determination. More detail on the strategy for the MRR is set out in Appendix I.

<b>Movement in reserves During Financial Year</b>	<b>Outturn 2014-15 £m</b>	<b>Forecast 2015-16 £m</b>	<b>Budget 2016-17 £m</b>	<b>Plan 2017-18 £m</b>	<b>Plan 2018-19 £m</b>
<b>Opening balances</b>	305.9	289.4	349.7	238.7	243.2
Transfers to/from:					
Mayor's Resilience Reserve	19.0	130.2	-87.6	6.7	7.2
Earmarked reserves	-35.5	-69.8	-23.4	-2.2	-1.7
General reserves	0.0	0.0	0	0	0
<b>Closing balances</b>	<b>289.4</b>	<b>349.7</b>	<b>238.7</b>	<b>243.2</b>	<b>248.7</b>

Note: The total reserve movements in 2016-17, 2017-18 and 2018-19 are net of the forecast business rates retention levy payments on growth to Government and also the management of business rates and council tax allocations across the GLA Group.

- 2.28 The expected total reserves at the end of each financial year are summarised below:

<b>Total reserves at end of financial year</b>	<b>Outturn 2014-15 £m</b>	<b>Forecast 2015-16 £m</b>	<b>Budget 2016-17 £m</b>	<b>Plan 2017-18 £m</b>	<b>Plan 2018-19 £m</b>
Mayor's Resilience Reserve	59.4	189.5	101.9	108.6	115.8
Earmarked reserves	171.4	101.6	78.2	76.1	74.3
General reserves	58.6	58.6	58.6	58.6	58.6
<b>Total</b>	<b>289.4</b>	<b>349.7</b>	<b>238.7</b>	<b>243.2</b>	<b>248.7</b>

## **Section 2 – Greater London Authority Mayor of London**

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2.29 The tables exclude forecast accumulated Crossrail Business Rate Supplement balances at the end of March 2017 which are held in a ring fenced reserve to meet future financing costs, debt repayments and refunds to ratepayers arising from successful rating appeals. These funds cannot be used for any other purpose by the GLA. The table also excludes accumulated receipts from anticipated borrowing for the Northern Line Extension and the business rates backdated appeals spreading reserve, a non-usable reserve set up to manage the spreading of 2013-14 backdated business rates appeals that can be applied against future years growth in business rates to reduce the forecast levy payment to central government. The forecast use of reserves is before the potential impact of the OPDC plans for the Old Oka common and Park Royal opportunity area.

### **Flexibility in the GLA Budget**

2.30 Overall, the GLA's revenue funding is largely committed for 2016-17. From 2017-19, due to programmes coming to a close, approximately £11.5 million of unallocated revenue funding becomes available to a new Mayor in each year. This sum is held within the Resources Directorate as shown in the objective table above.

## Section 3 – Greater London Authority: London Assembly

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### Introduction

- 3.1 The separate component budget for the London Assembly comprises GLA costs arising in respect of Assembly Members, of employees of the Authority who work as support staff for the Assembly, of goods or services procured solely for the purposes of the Assembly and of the support provided by the Assembly to London TravelWatch, the watchdog for transport users in and around London.

### Key deliverables

- 3.2 The Assembly Secretariat has seven objectives to guide its work, to support:
- the Assembly and its committees to enable them to effectively hold the Mayor to account;
  - the Assembly and its committees to conduct effective investigations into issues of importance to Londoners;
  - Assembly Members in relation to their representative and constituency roles;
  - raising the profile of the work of the Assembly and enhance its positive reputation among Londoners;
  - the effective governance of the GLA, including support for the work of the Monitoring Officer;
  - the Assembly in carrying out its statutory duties towards London TravelWatch; and
  - the Greater London Returning Officer in the effective planning and management of the Mayoral and London Assembly elections.

### Gross revenue expenditure and Council Tax Requirement

- 3.3 **The Mayor is proposing that the Assembly's gross revenue expenditure for 2016-17 is £7.6 million – the same level as in 2015-16.** The Mayor is proposing that **the Assembly's net expenditure for 2016-17 is £7.2 million.** This is the same as that in 2015-16 on a like for like basis.
- 3.4 As set out in section 2, deducting the respective GLA general grant and retained business rates shares for the Mayor and Assembly having regard to their respective net expenditure, results in the Mayor proposing **a council tax requirement for the Assembly of £2.6 million in 2016-17.** The revenue budget for the Assembly is set out in the table below on an objective basis.

## Section 3 – Greater London Authority: London Assembly

### Assembly - Objective analysis

Service analysis	Revised	Forecast	Budget	Plan	Plan
	Budget				
	2015-16	2015-16	2016-17	2017-18	2018-19
	£m	£m	£m	£m	£m
Assembly Members	1.8	1.8	1.8	1.8	1.8
Member Services	2.1	2.1	2.1	2.1	2.1
Scrutiny & Investigations	1.5	1.5	1.5	1.5	1.5
Committee Services	0.5	0.5	0.5	0.5	0.5
Director/Business support	0.2	0.2	0.2	0.2	0.2
London TravelWatch	1.1	1.1	1.1	1.1	1.1
<b>Net revenue expenditure</b>	<b>7.2</b>	<b>7.2</b>	<b>7.2</b>	<b>7.2</b>	<b>7.2</b>
Financed by:					
Retained business rates	2.1	2.1	2.1	2.1	2.1
Revenue support grant	2.5	2.5	2.5	2.5	2.5
<b>Council tax requirement</b>	<b>2.6</b>	<b>2.6</b>	<b>2.6</b>	<b>2.6</b>	<b>2.6</b>

### Explanation of budget changes

- 3.5 An analysis of the year on year movement in council tax requirements is set out below. An explanation of each change is detailed in the paragraphs below. Appendix A sets out a subjective analysis of the Mayor's proposed 2016-17 budget for the Assembly.

Changes in the Assembly's council tax requirement	2016-17 £m
<b>2015-16 council tax requirement</b>	2.6
<i>Changes due to:</i>	
Inflation	0.1
Savings	-0.1
<b>2016-17 council tax requirement</b>	<b>2.6</b>

### Inflation

- 3.6 The Budget includes a provision for the increase in employer's national insurance of £0.1 million.

### Savings and efficiencies

- 3.7 The Budget includes £0.1 million of savings offered by the Assembly in 2016-17.

### Equalities and environmental impact

- 3.8 All the Assembly's savings are administrative in nature and therefore are unlikely to have any adverse equalities impact. None of the Assembly's savings have any adverse environmental impact.

### Reserves

- 3.9 The Mayor's proposed budget for the Assembly includes a Development and Resettlement reserve of £1.5 million as at the beginning of 2016-17.

## Section 4 – Mayor’s Office for Policing and Crime (MOPAC)

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### Introduction

- 4.1 The Mayor’s Office for Policing and Crime (MOPAC) works on behalf of Londoners to hold the Metropolitan Police Service (MPS) to account and improve the provision of criminal justice services across the capital. MOPAC’s Police and Crime Plan sets out the Mayor’s strategy for policing and crime reduction over a four year period for 2013-2016.

### Key deliverables

- 4.2 The Mayor’s proposed budget for MOPAC has been prepared to support the delivery of the Police and Crime Plan and specifically to:
- Cut crime by 20 per cent in 7 neighbourhood crime types, reducing the numbers of crime by up to 250,000;
  - Increase confidence by 20 per cent up to 75 per cent;
  - Cut costs by 20 per cent by delivering savings of £500 million;
  - Seek swifter justice for victims by reducing delays in the criminal justice system by 20 per cent;
  - Reduce reoffending by young people leaving custody in London by 20 per cent; and
  - Increase compliance with community sentences by 20 per cent.
- 4.3 The Mayor has driven forward an ambitious programme of work to realise his vision for London as the world’s safest global city. Through determined leadership and focused, transparent oversight - enabled by ground-breaking data tools - over the last four years this has:
- Made Londoners safer, cutting neighbourhood crime in London by nearly 19 per cent, a reduction of nearly 80,000 offences. Burglary in London is at its lowest level since 1974. Robbery has plummeted by 44 per cent. MOPAC remain on track to meet the target of a 20 per cent reduction by the end of the Police and Crime Plan period;
  - Boosted public confidence in the police from 62 per cent in 2012 to 67 per cent today. Overall satisfaction in the service provided by the MPS has increased from 74 per cent to 80 per cent over the same period;
  - Delivered better value for money, cutting costs by over 20 per cent whilst maintaining a strong front line. By the end of the Mayor’s term, the MPS will have delivered savings of £573 million, whilst maintaining his target strength of 32,000 officers;
  - Helped victims of crime receive justice more quickly, reducing court delays through close partnership work with the criminal justice system to ensure a focus on victims and improvements in their efficiency;

## Section 4 – Mayor’s Office for Policing and Crime (MOPAC)

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- Improved engagement with local communities through the establishment of Safer Neighbourhood teams in all 32 London boroughs. These have enabled local communities to have a greater voice in the policing of their neighbourhoods and to work closely with their borough police services to support improved effective delivery of crime and disorder prevention and reduction.
  - Ensured more offenders face the consequences for their crimes, putting a renewed focus on making sure that convicted criminals complete their court orders. Since 2011-12, compliance has increased from 77 per cent to 84 per cent; and
  - Provided £69m grant funding over four years for crime reduction projects across the city through the London Crime Prevention Fund.
- 4.4 MOPAC has also brought together police, councils, agencies and community groups, using innovative new approaches and pooling resources to deliver better services for Londoners. This work includes developing an Integrated Victims Service, a pan-London Domestic Violence Service and securing funding for the London Resettlement Consortia (LRC).
- 4.5 The Met faces new challenges ahead. London’s population continues to grow and diversify rapidly. New and previously under-reported crime threats such as cyber-crime, people trafficking and child sexual exploitation are emerging which the police must be equipped to tackle. MOPAC’s Reduce, Release, Reform programme is enabling the transformation of the MPS into a truly 21st century crime-fighting force by:
- Reforming the policing model for the city, putting frontline policing first and ensuring that the emphasis is on getting more officers out of back office roles and onto the streets, protecting and reassuring the public. In March 2013, Operational Policing Model (OPM) data showed 42.3 per cent of officers were in frontline roles. Thanks to these reforms, by September 2015 it was 54.1 per cent;
  - Reinvigorating neighbourhood policing, putting 2,600 additional officers into neighbourhoods and introducing a new model of local policing to provide greater flexibility to local managers and a greater say for the community in setting police priorities. Neighbourhood crime has fallen by nearly 19 per cent since 2012,
  - Decommissioning out-of-date IT systems and investing in the latest digital technology to make officers more mobile, more effective and more efficient;
  - Launching the largest rollout of body-worn video technology in any city in the world, with 22,000 cameras rolling out to MPS officers to give them greater protection and the public greater confidence;
  - Taking effective action to ensure that the Met is more representative of the city it serves. We have championed London-only recruitment in order to drive progress towards a police service which is more in tune with London. Today’s Met is more diverse than at any other time in its history;

## Section 4 – Mayor’s Office for Policing and Crime (MOPAC)

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- Investing in specialist police teams with the skills and equipment to investigate and take action against developing crime types. These include FALCON, a team of 300 officers dedicated to tackling online crime;
- Pioneering ambitious new approaches to evidence-based policing and policy-making, developing a range of innovative data dashboards, launching the Global Policing Database to share best practice and founding the academic Institute of Global City Policing;
- Reforming the back office, including a £216 million deal to outsource support services, relocating this service outside London to reduce administrative costs and maximise value for public money;
- Radically reducing the number of police managers and senior ranks;
- Leading from the front in the journey towards national procurement for goods and services, with MOPAC and the MPS recently awarding a 10 year contract to provide a National Uniform Managed Service (NUMS);
- Collaborating with Transport for London to grant the MPS access to the TfL network of ANPR cameras, making the most of an existing resource to help protect the city and prevent crime; and
- Releasing old and underused police stations – the infrastructure of the past – and using the £1 billion of proceeds to invest in a 21<sup>st</sup> century police estate and digital policing. Reflecting how Londoners expect to be able to contact the police, victim satisfaction with the ease of contacting the MPS has increased to a record high of 94 per cent during this period.

4.6 London as a whole has benefited from the Met’s estates strategy, with the buildings sold so far boosting London’s Gross Value Added (GVA) by providing at least 4,000 new residential units, 12,000 direct and indirect jobs and nine schools.

### **Gross revenue and capital expenditure**

4.7 **Gross revenue expenditure by MOPAC is to be increased by £46.3 million to £3,252.8 million in 2016-17** compared to the revised budget for 2015-16. **Total capital expenditure is forecast to be £228.2 million in 2016-17** which is some £37.8 million lower than in 2015-16. This reflects the profiling of the investment required to deliver the Metchange transformation programme which will deliver savings in MOPAC’s estate and support services along with assumptions concerning over-programming of various capital projects

4.8 The Mayor’s proposed Capital Plan for MOPAC is set out in Section 9 as part of the Group-wide Capital Spending Plan and the Mayor’s proposed revenue budget for MOPAC is described directly below.

## Section 4 – Mayor’s Office for Policing and Crime (MOPAC)

### Net revenue expenditure and council tax requirement

- 4.9 After deducting other income from fees and charges and the planned use of reserves **MOPAC’s approved net expenditure for 2016-17 before the application of government grants and council tax is £2,872.8 million. The Mayor’s approved council tax requirement for MOPAC is £566.5 million.** The Mayor’s proposed revenue budget for MOPAC is summarised in the table below on an objective basis. In 2017-18 and 2018-19 the council tax requirement for MOPAC is increased by £1.8 million year on year to £568.3 million and £570.1 million respectively.

### MOPAC - Objective analysis

Objective analysis	Revised Budget 2015-16 £m	Forecast 2015-16 £m	Budget 2016-17 £m	Plan 2017-18 £m	Plan 2018-19 £m
<b>Business Groups:</b>					
Territorial Policing	1,143.4	1,191.9	1,134.2	1,122.8	1,122.8
Specialist Crime and Operations	713.3	693.3	701.9	699.5	699.5
Specialist Operations	281.1	285.4	276.3	264.2	264.2
Met HQ	489.0	528.4	486.8	413.4	374.1
Shared Support Services	113.4	104.3	81.9	72.3	69.8
<b>Total Business Groups</b>	<b>2,740.2</b>	<b>2,803.2</b>	<b>2,681.1</b>	<b>2,572.2</b>	<b>2,530.5</b>
Discretionary Pensions Costs	35.9	34.0	35.9	35.9	35.9
Centrally held items for MOPAC and MPS	47.8	103.2	185.9	235.4	285.4
Capital financing costs	50.6	50.6	46.3	46.3	46.3
Interest receipts	-0.8	-0.8	-0.8	-0.8	-0.8
<b>Total corporate budgets</b>	<b>133.5</b>	<b>187.0</b>	<b>267.3</b>	<b>316.8</b>	<b>366.8</b>
<b>Mayor’s Office for Policing and Crime</b>	<b>53.2</b>	<b>52.3</b>	<b>46.6</b>	<b>45.7</b>	<b>45.7</b>
Savings to be identified	0.0	0.0	0.0	-34.9	-67.0
<b>Net revenue expenditure</b>	<b>2,926.9</b>	<b>3,042.4</b>	<b>2,995.1</b>	<b>2,899.8</b>	<b>2,875.9</b>
Transfers to/from reserves	-70.5	-188.7	-122.3	-26.1	-0.5
<b>Net financing requirement</b>	<b>2,856.4</b>	<b>2,853.7</b>	<b>2,872.8</b>	<b>2,873.7</b>	<b>2,875.4</b>
Specific Grants	376.0	373.4	374.6	373.7	373.7
Revenue support grant	0.0	0.0	27.1	27.1	27.1
Home Office General Policing Grant	1,913.8	1,913.8	1,904.6	1,904.6	1,904.6
<b>Council tax requirement</b>	<b>566.5</b>	<b>566.5</b>	<b>566.5</b>	<b>568.3</b>	<b>570.1</b>

## Section 4 – Mayor’s Office for Policing and Crime (MOPAC)

### Explanation of budget changes

- 4.10 An analysis of the year on year movement in the Mayor’s proposed council tax requirement for MOPAC is set out below and an explanation of each change is provided in the paragraphs that follow. The table compares the revised budget for 2015-16 with the proposed 2016-17 budget. In addition, Appendix B sets out a subjective analysis of MOPAC’s budget.

<b>Changes in the MOPAC’s council tax requirement</b>	<b>£m</b>
<b>2015-16 council tax requirement</b>	<b>566.5</b>
<i>Changes due to:</i>	
Inflation	25.4
Savings	-4.3
Efficiencies	-122.3
New Initiatives and net change in existing services	122.4
Single-Tier Pension Costs	47.2
Changes in Government grants	-16.5
Change in budgeted use of reserves	-51.9
<b>2016-17 council tax requirement</b>	<b>566.5</b>

### Inflation

- 4.11 The Budget includes a provision for inflation of £25.4 million.

### Savings and efficiencies

- 4.12 The budget incorporates planned savings of £4.3 million and efficiencies of £122.3 million. Going forward, MOPAC is committed to further reform, through its own commissioning budgets and through further transformation in the MPS to improve performance, raise effectiveness and drive further savings in the back office.

- 4.13 The MPS has plans to drive further savings and transformation across commercial contracts, ICT and digital investment and estates. MOPAC’s budget includes plans for further streamlining systems and processes, reducing administrative costs, plus continuous improvement in our commissioning practices to secure best value, including matched funding from other bodies where appropriate.

### New Initiatives and net change in existing services

- 4.14 The Mayor is proposing that the net change in MOPAC’s expenditure on new initiatives and existing services is £122.4 million. This relates to investment in a number of corporate IT systems, costs of the MPS’s response to recent public inquiries, costs of redundancies and transition costs for the new BSS contract.

- 4.15 As was set out in the Mayor’s Consultation Budget there is also £122.3 million of expenditure that will be funded from reserves in 2016-17. This has now been allocated to the appropriate business groups in the objective analysis table above.

## **Section 4 – Mayor’s Office for Policing and Crime (MOPAC)**

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- 4.16 The spending review settlement has allowed the Mayor to continue to invest in transformation across the MPS and MOPAC’s commissioning, whilst prioritising investment in the front line. The commitment to 32,000 officers in 2016 is maintained, alongside the commitment for one PC and one PCSO in each ward.

### **Single-Tier Pension Costs**

- 4.17 The budget incorporates a provision of £47.2 million for the forecast additional employer National Insurance contributions due to the Government’s introduction of the single-tier pension system that comes into force in April 2016.

### **Changes in Government grants**

- 4.18 Overall the Mayor is forecasting that MOPAC will see an increase in Government grants to support policing of £16.5 million in 2016-17. He anticipates that MOPAC will further be able to benefit from Home Office specific grants when they are announced.
- 4.19 Further details on the MOPAC general grant allocation announced in the provisional police grant settlement on 17 December 2015 are set out in Appendices H and I.

### **Change in budgeted use of reserves**

- 4.20 The budget proposes a net change in the budgeted use of reserves of £51.9 million when comparing the revised 2015-16 budget with the 2016-17 budget.

### **Equalities**

- 4.21 Throughout the planning process Business Groups have considered the impact they have on internal and external communities and therefore develop activities that reflect MOPAC and the MPS’s commitment to equality and diversity issues. In doing so consideration has been given to all Equality Groups, the details of which will form part of the more detailed proposals.

### **Environmental impact**

- 4.22 The planning framework will help to ensure that environmental sustainability issues are properly reflected in future plans and budgets.

### **Reserves**

- 4.23 At 31 March 2016 the Mayor forecasts that MOPAC’s general reserves balance will total £46.6 million. This level of general reserves is forecast to be maintained as at 31 March 2019.
- 4.24 As part of the MPS’s transformation strategy and investment in new IT, the balances on MOPAC’s earmarked reserves are forecast to reduce annually from £184.1 million as at 31 March 2016 to £35.2 million at March 2019, striking a careful balance between investment and maintenance of prudent levels.

## Section 4 – Mayor’s Office for Policing and Crime (MOPAC)

<b>Movement in reserves During Financial Year</b>	<b>Outturn 2014-15 £m</b>	<b>Forecast 2015-16 £m</b>	<b>Budget 2016-17 £m</b>	<b>Plan 2017-18 £m</b>	<b>Plan 2018-19 £m</b>
<b>Opening balances</b>	<b>403.4</b>	<b>419.4</b>	<b>230.7</b>	<b>108.4</b>	<b>82.3</b>
Transfers to/from:					
Earmarked reserves	16.0	-188.7	-122.3	-26.1	-0.5
General reserves	0.0	0.0	0.0	0.0	0.0
<b>Closing balances</b>	<b>419.4</b>	<b>230.7</b>	<b>108.4</b>	<b>82.3</b>	<b>81.8</b>

4.25 The expected total reserves at the end of each financial year are summarised below:

<b>Total MOPAC reserves at end of financial year</b>	<b>Outturn 2014-15 £m</b>	<b>Forecast 2015-16 £m</b>	<b>Budget 2016-17 £m</b>	<b>Plan 2017-18 £m</b>	<b>Plan 2018-19 £m</b>
Earmarked reserves	372.8	184.1	61.8	35.7	35.2
General reserves	46.6	46.6	46.6	46.6	46.6
<b>Total</b>	<b>419.4</b>	<b>230.7</b>	<b>108.4</b>	<b>82.3</b>	<b>81.8</b>

## **Section 5 – London Fire and Emergency Planning Authority (LFEPA)**

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### **Introduction**

- 5.1 The London Fire and Emergency Planning Authority (LFEPA) is responsible for fire and rescue services in London and it supports the London boroughs in their emergency planning role.
- 5.2 LFEPA's key priorities, as set out in the Fifth London Safety Plan (LSP5), are to:
- promote community safety and fire prevention activity to mitigate the risk to communities in London;
  - make sure that buildings in London conform to the appropriate fire safety standards in order to protect Londoners and visitors to London;
  - get resources to emergency incidents as quickly as possible, maintaining and improving where possible, their performance against their standards of attendance for first and second appliances; and
  - deliver services in a cost effective way.

### **Key deliverables**

- 5.3 The London Safety Plan is the Authority's Integrated Risk Management Plan (IRMP) as required by the government's national framework for the fire and rescue service and the commitments within it form an action plan which is updated annually.
- 5.4 LSP5 set out headline performance targets and these will be updated for 2016-17 but the aim will remain to:
- reduce fires in the home, care homes, sheltered housing and in non-domestic buildings;
  - carry out home fire safety visits;
  - reduce fire related fire deaths;
  - reduce all outdoor rubbish fires and all outdoor rubbish fires;
  - reduce false alarms from automated systems in non-domestic buildings; and
  - reduce the shut-in-lift incidents attended.
- 5.5 Work to develop the Sixth London Safety Plan (LSP6) is underway, but officers view is that the detailed consideration of LSP6 would be better after a new Mayor is in place (May 2016). This would also allow the opportunity for a new Commissioner (to be appointed during 2016) to consider the risk profile for London.
- 5.6 LSP6 will also include a considerable programme of consultation and engagement activity based on experience in developing LSP5 leading to a timetable for LSP6 to be in place by April 2017.

## Section 5 – London Fire and Emergency Planning Authority (LFEPA)

### Gross revenue and capital expenditure

- 5.7 The Mayor is proposing an increase in LFEPA's combined capital and revenue budget for 2016-17 of some £22.9 million. **Gross revenue expenditure by LFEPA is set to decrease by £0.1 million to £425.2 million in 2016-17** compared to the revised budget for 2015-16 of £425.3 million. **LFEPA's planned capital expenditure in 2016-17** represents an increase of around £20.2 million to **£58.8 million** compared with the 2015-16 forecast outturn position.
- 5.8 The Mayor's proposed Capital Plan for LFEPA is set out in Section 9 as part of the Group-wide Capital Spending Plan and the Mayor's revenue budget for LFEPA is described below.

### Net revenue expenditure and council tax requirement

- 5.9 After deducting fees, charges, and other income and use of reserves from LFEPA's gross revenue expenditure of £425.2 million, the Mayor proposes that its **net expenditure for 2016-17 will be £392.5 million. The Mayor also proposes that the council tax requirement for LFEPA is £138.2 million.**
- 5.10 The Mayor's proposed revenue budget for LFEPA is set out below on an objective basis.

### LFEPA – Objective Analysis

Objective Analysis	Revised	Forecast	Budget	Plan	Plan
	Budget				
	2015-16	2015-16	2016-17	2017-18	2018-19
	£m	£m	£m	£m	£m
Community safety	33.3	32.7	32.6	33.4	33.9
Fire fighting and rescue	328.5	323.3	333.6	346.3	351.5
Fire-fighter pensions	21.9	21.5	21.9	22.5	23.0
Emergency planning	0.8	0.8	0.8	0.8	0.8
Central services	0.4	0.4	0.4	0.4	0.4
London Resilience Team	0.4	0.4	0.4	0.4	0.4
Savings to be required	0.0	0.0	-6.4	-17.6	-25.1
<b>Net service expenditure</b>	<b>385.3</b>	<b>379.1</b>	<b>383.3</b>	<b>386.2</b>	<b>384.9</b>
Capital financing costs	10.0	10.0	9.8	9.8	11.1
External interest receipts	-0.5	-0.5	-0.5	-0.8	-0.8
<b>Net revenue expenditure</b>	<b>394.8</b>	<b>388.6</b>	<b>392.5</b>	<b>395.2</b>	<b>395.2</b>
Transfer to/(from) general reserves	0.8	7.0	2.7	0.0	0.0
<b>Financing requirement</b>	<b>395.6</b>	<b>395.6</b>	<b>395.2</b>	<b>395.2</b>	<b>395.2</b>
Financed by:					
Specific grants	13.2	13.2	12.8	12.8	12.8
Revenue support grant	129.4	129.4	128.5	112.0	100.1
Retained Business Rates	114.7	114.7	115.7	132.2	144.1
<b>Council tax requirement</b>	<b>138.2</b>	<b>138.2</b>	<b>138.2</b>	<b>138.2</b>	<b>138.2</b>

## Section 5 – London Fire and Emergency Planning Authority (LFEPA)

### Explanation of budget changes

- 5.11 An analysis of the year on year movement in the Mayor’s proposed council tax requirement for LFEPA compared to the Mayor’s revised budget for 2015-16 is set out below. An explanation of the year on year changes is provided in the paragraphs that follow. In addition, Appendix C sets out a subjective analysis of the Mayor’s proposed budget for LFEPA.

<b>Changes in the LFEPA’s council tax requirement</b>	<b>£m</b>
<b>2015-16 council tax requirement</b>	<b>138.2</b>
<i>Changes due to:</i>	
Inflation	4.7
Savings	-0.5
Efficiencies	-4.6
Change in use of reserves	-4.3
Net Change in Government grants and retained rates	0.4
Single tier pension costs	5.7
Other adjustments	5.1
Savings to be required	-6.4
<b>2016-17 council tax requirement</b>	<b>138.2</b>

### Inflation

- 5.12 The Budget proposes that LFEPA make provision for inflation of £4.7 million in 2016-17.

### Savings and Efficiencies

- 5.13 The Budget proposes that LFEPA make savings of £0.5 million and efficiencies of £4.6 million for 2016-17. LFEPA has agreed a budget submission to the Mayor that includes £8.1 million to be found through further change proposals, less the removal of a £1.7 million budget pressure in light of the FBU’s decision to suspend strike action in the pensions’ dispute until at least June 2017. This leaves savings to be found of £6.4 million, and LFEPA is consulting on two options to address this.

### Change in use of reserves

- 5.14 The Budget proposes that in 2016-17 LFEPA will have a change in use of balances of £4.3 million compared to the like for like 2015-16 position. This is represented by a contribution to the reserve in 2015-16 of £7 million, a further contribution to the reserve of £2.8 million in 2016-17 (assuming no decision is taken to use this additional funding as part of the 2016-17 budget) and a draw on the reserve of £0.1million in 2016-17 in support of net service expenditure.

### Change in Government Grants and Retained Business Rates

- 5.15 The Mayor has provisionally planned that LFEPA’s funding from Council Tax, Retained Business Rates, and Revenue Support Grant will total £382.4 million in 2016-17. In addition, LFEPA is forecast to receive £12.8 million of specific government grants – resulting in total funding being made available by the Mayor of £395.2 million.

## **Section 5 – London Fire and Emergency Planning Authority (LFEPA)**

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5.16 The Mayor is proposing therefore that LFEPA will receive £115.7 million in funding via rates retention in 2016-17. This is an increase of around £1m or 0.8 per cent compared to 2015-16. The revenue support grant allocation for LFEPA is £1 million lower than in 2015-16 which offsets the impact of the rates retention uplift. Forecast specific grant income is £0.4 million lower.

5.17 Therefore, the Mayor's proposed budget for 2016-17 of £395.2 million provides additional support to LFEPA to offset the impact of the additional cuts in the former fire formula grant component of the GLA's revenue support grant allocation.

### **Single tier pension costs**

5.18 The budget incorporates £5.7 million for the cost of the removal of the National Insurance rebate.

### **Other Adjustments**

5.19 There are £5.1 million of other adjustments in the Mayor's proposed LFEPA budget, which includes an increase in the Property PFI unitary payment as the remaining new stations are completed.

### **Savings to be required**

5.20 The total savings requirement for LFEPA in 2016-17 is £6.4 million. It is intended that the savings will be determined following the results of the Consultation being reported to and considered by the Authority in February 2016. The latest position will be reported to the Assembly at its meeting on 22 February 2016 as part of the Mayor's final budget proposals.

### **Equalities**

5.21 An equality impact analysis for savings made as part of development of the budget was completed and considered as part of LFEPA's budget formulation and decision making processes.

### **Environmental impact**

5.22 LFEPA has reviewed the savings proposals for sustainability and environmental implications with consideration of the Mayor's strategies to promote improvement of the environment as part of LFEPA's decision-making process.

### **Reserves**

5.23 As reported to LFEPA's Resources Committee on 14 January, 2016 it is anticipated that there will be additional funds of £2.8m available in 2016-17. If no decision is taken to use this additional funding as part of next year's budget LFEPA's general reserve is expected to total £17.9 million as at 31 March 2017. This is £2.8 million higher than set out in the Mayor's Budget Consultation Document on 21 December 2015. At this stage in the budget process it is assumed that this higher level of general reserve is maintained through to March 2019.

## Section 5 – London Fire and Emergency Planning Authority (LFEPA)

5.24 In addition, it is forecast that LFEPA will hold £11.1 million of earmarked reserves at 31 March 2016. Earmarked reserves are forecast to fall to £11.0 million at 31 March 2017 and remain at that level to 31 March 2019. The expected movements in reserves over the planning period are set out in the table below.

<b>Movement in reserves During Financial Year</b>	<b>Outturn 2014-15 £m</b>	<b>Forecast 2015-16 £m</b>	<b>Budget 2016-17 £m</b>	<b>Plan 2017-18 £m</b>	<b>Plan 2018-19 £m</b>
<b>Opening balances</b>	<b>19.5</b>	<b>19.2</b>	<b>26.2</b>	<b>28.9</b>	<b>28.9</b>
Transfers to/from:					
Earmarked reserves	-2.7	4.6	-0.1	0.0	0.0
General reserves	2.4	2.4	2.8	0.0	0.0
<b>Closing balances</b>	<b>19.2</b>	<b>26.2</b>	<b>28.9</b>	<b>28.9</b>	<b>28.9</b>

5.25 The expected total reserves at the end of each financial year are summarised below:

<b>Total LFEPA reserves at end of financial year</b>	<b>Outturn 2014-15 £m</b>	<b>Forecast 2015-16 £m</b>	<b>Budget 2016-17 £m</b>	<b>Plan 2017-18 £m</b>	<b>Plan 2018-19 £m</b>
Earmarked reserves	6.5	11.1	11.0	11.0	11.0
General reserves	12.7	15.1	17.9	17.9	17.9
<b>Total</b>	<b>19.2</b>	<b>26.2</b>	<b>28.9</b>	<b>28.9</b>	<b>28.9</b>

## Section 6 – Transport for London

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### Introduction

- 6.1 Transport for London (TfL) is responsible for the planning, delivery and day-to-day operation of the Capital's public transport system, including London's buses, Underground and Overground, the Docklands Light Railway (DLR), Tramlink and London River Services. It is also responsible for managing the Congestion Charge, maintaining London's main roads and traffic lights, regulating taxis, making London's transport more accessible and promoting walking and cycling initiatives.

### Key deliverables

- 6.2 Full details of TfL's priorities are set out in its business plan which was published in December 2014. TfL's key deliverables over the next decade, include:
- investing £200 million in bus priority schemes;
  - making 95 per cent of all bus stops in London accessible by 2017;
  - delivering 800 New Routemaster buses by 2016;
  - investing £913 million to support the Mayor's Cycling Vision through creating safer junctions across London, major segregated cycle routes, a network of Quietways on less busy streets and other far-reaching improvements;
  - reducing the number of people killed or seriously injured on London's roads by 40 per cent by 2020;
  - introducing a new 24-hour Tube service at weekends in 2016;
  - investing £250 million in step-free stations to contribute to meeting the Mayoral target of over 50 per cent of Rail & Underground stations being step-free by 2018. In addition to this the £150 million step-free match funding will make approximately a dozen stations step-free over the next 10 years;
  - implementing new signalling on the Underground's 'sub surface' lines, providing increased capacity and reliability as part of the Four Lines Modernisation programme;
  - upgrading Victoria, Bond Street, Bank, Tottenham Court Road and Finsbury Park stations;
  - delivering the Northern Line Extension to Battersea via Nine Elms;
  - making a £4 billion investment in London's roads between now and 2021-22;
  - electrifying the Gospel Oak-Barking London Overground line and extending it to serve a new station at Barking Riverside;
  - increasing capacity by 50 per cent on the Trams on the Wimbledon to Croydon line; and

## Section 6 – Transport for London

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- continuing to deliver the Crossrail service linking east and west London from 2018, radically cutting journey times and reducing congestion.

### **Gross revenue and capital expenditure**

- 6.3 The Mayor proposes that **TfL's total gross expenditure budget for 2016-17** is to be reduced by £70.6 million from £7,034.8 million to **£6,964.2 million**, including the impact of the Spending Review of £240 million. This takes into account inflation, including bus contract and wage inflation, incremental efficiencies and an increase in the debt service provision due to greater levels of borrowings to provide for capital investment. In addition, **total capital expenditure is planned to be £3,581.2 million** which is £485 million lower in 2016-17 than the 2015-16 forecast outturn of £4,066.2 million.
- 6.4 The Mayor's proposed Capital Plan for TfL is set out in Section 9 as part of the Group-wide Capital Spending Plan and more details are included in that section on TfL's capital expenditure. The Mayor's proposed budget for TfL is summarised on an objective basis below.
- ### **Net revenue expenditure and council tax requirement**
- 6.5 After deducting fare income, fees, charges, other income and its planned use of reserves, the Mayor proposes that TfL's **net revenue expenditure for 2016-17 is £1,250.3 million**. An analysis of the revenue budget by service area is summarised in the table overleaf.
- 6.6 The Mayor is proposing that TfL's council tax requirement for 2016-17 is £6 million. The balance of its net revenue expenditure is financed by £854.3 million of resources allocated by the Mayor through business rates retention and £435.7 million via the general element of the GLA transport grant and £30.1 million through other specific revenue grants from the Department for Transport (DfT).

## Section 6 – Transport for London

TfL Service Analysis	Revised Budget	Forecast	Budget	Plan	Plan
	2015-16	2015-16	2016-17	2017-18	2018-19
	£m	£m	£m	£m	£m
<b>Income</b>					
Traffic Income	-4,639.7	-4,592.5	-4,958.4	-5,249.9	-5,699.6
Congestion Charge	-172.2	-170.8	-171.1	-170.0	-191.4
Other Income	-451.4	-470.3	-527.8	-568.0	-589.0
Interest Income	-22.9	-22.7	-38.1	-34.4	-31.7
<b>Subtotal income</b>	<b>-5,286.2</b>	<b>-5,256.3</b>	<b>-5,695.4</b>	<b>-6,022.3</b>	<b>-6,511.7</b>
<b>Operating costs</b>					
London Underground and Tube Lines	2,348.4	2,315.9	2,356.4	2,337.9	2,339.9
Surface Transport	2,955.7	2,908.8	3,057.2	3,173.8	3,300.6
London Rail	557.2	552.7	586.2	627.5	822.6
Corporate Directorates	760.5	732.4	725.8	721.2	740.8
London Transport Museum	12.0	12.1	12.3	12.7	13.1
<b>Subtotal operating costs</b>	<b>6,633.7</b>	<b>6,522.0</b>	<b>6,738.0</b>	<b>6,873.2</b>	<b>7,216.9</b>
<b>Other</b>					
Third-party contributions	-17.4	-20.7	-18.6	-18.7	-18.1
Debt servicing	401.1	377.7	452.5	527.6	578.0
Group items	-34.4	-36.7	13.7	47.0	-24.5
<b>Subtotal other</b>	<b>349.3</b>	<b>320.3</b>	<b>447.7</b>	<b>555.8</b>	<b>535.4</b>
2015 Spending Review reduction to be allocated	0.0	0.0	-240.0	-471.0	-696.5
<b>Net services expenditure</b>	<b>1,696.8</b>	<b>1,586.0</b>	<b>1,250.3</b>	<b>935.7</b>	<b>544.0</b>
Revenue resources used to support capital investment	-174.7	-178.4	75.8	192.0	387.9
<b>Financing requirement</b>	<b>1,522.2</b>	<b>1,407.6</b>	<b>1,326.1</b>	<b>1,127.7</b>	<b>932.0</b>
Financed by:					
GLA Transport grant (general element)	639.5	591.4	435.7	216.7	0.0
Other Specific grants	29.2	37.7	30.1	31.1	32.0
Retained business rates	847.5	772.5	854.3	873.9	894.0
<b>Council tax requirement</b>	<b>6.0</b>	<b>6.0</b>	<b>6.0</b>	<b>6.0</b>	<b>6.0</b>

Note: The reductions to the GLA transport grant in the above table reflect the profiled reductions outlined in the Spending Review announced in November 2015.

### Explanation of budget changes

- 6.7 An analysis of the year on year movements in the Mayor's proposed council tax requirement for TfL is set out below and an explanation of each change is detailed in the paragraphs that follow. Appendix D sets out further details including a subjective analysis of TfL's budget and the application of net congestion charge revenue.

## Section 6 – Transport for London

Changes in the TfL's council tax requirement	£m
<b>2015-16 council tax requirement</b>	<b>6.0</b>
<i>Changes due to:</i>	
Inflation*	160.6
Savings and Efficiencies	-149.0
Fares, charges and other income changes	-339.8
New initiatives and service improvements (capital investment and net operational increases/decreases)	34.1
Changes in Government revenue grants	202.9
Change in retained business rates	-6.8
Other adjustments	98.0
<b>2016-17 council tax requirement</b>	<b>6.0</b>

\* TfL does not separately account for inflation and so the numbers in this table are an estimate of the changes were the effects of inflation to be isolated. The paragraphs below reference the figures in the table above. These figures are an estimate of the year-on-year change with the effect of inflation isolated. TfL figures in this budget document have inflation included and may differ from the figures quoted in the above table.

### Inflation

6.8 The Budget proposes that TfL will increase net costs by £160.6 million for inflation.

### Fares charges and other income

6.9 The Mayor has agreed an overall freeze on TfL fares in real terms relative to the one per cent annual increase in the Retail Price Index (RPI), in the benchmark month of July 2015. A number of fares, including single bus fares and all but two pay as you go single Tube fares, will be frozen. Travelcard season ticket prices will increase on average, by slightly less than one per cent, in January 2016.

6.10 The 2015-16 fare package included a significant restructuring of one day fares to make it fairer for part-time commuters or people on zero hours contracts who could previously pay significantly more per day than Travelcard season holders. The lower all day pay as you go caps are now benefitting over 200,000 part-time commuters a day.

6.11 TfL is increasingly covering its operating costs from fares and other income. TfL also has ambitious plans to generate £3.4 billion in non-fares commercial revenue by 2023 to reinvest in London's transport, supporting jobs and economic growth.

### Savings and efficiencies

6.12 The Mayor has proposed that TfL make additional efficiencies of £149.0 million in 2016-17.

## Section 6 – Transport for London

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### **New initiatives and service improvements**

- 6.13 The Budget includes £34.1 million of new initiatives and service improvements. This primarily reflects the full year impact of TfL assuming responsibility for West Anglia and TfL Rail services from Liverpool Street.

### **Changes in grants**

- 6.14 TfL's overall income from Government grants, including the impact of the grant reductions set out in the Chancellor's November Spending Review, is forecast to decrease by £202.9 million in 2016-17. This reflects the £240 million reduction in TfL's revenue grant for 2016-17.
- 6.15 As at 31 March 2015, the deficit on the GLA Group wide business rates retention scheme was £118 million. This is the difference between the aggregate sums passported in the Mayor's budgets for 2013-14 and 2014-15 and the final audited sums received from the 33 London billing authorities. TfL has received around 85 per cent of the funding allocated to the functional bodies by the Mayor under this scheme and as a result its notional share of the deficit is some £100 million.
- 6.16 The GLA dampened the recovery amount from TfL by 25 per cent to £75 million and this will be made as a technical adjustment to TfL's business rates instalments for 2015-16. This will result in an overall 2015-16 business rates retention allocation of £772.5 million. The current Mayor's intention is that future growth in business rates income, as and when it materialises, will be used to reimburse TfL for the cost of this clawback.
- 6.17 The Mayor has allocated £854.3 million in rates retention funding in 2016-17 to TfL. This represents an increase of 0.8 per cent in line with September 2015 RPI compared to the original 2015-16 allocation of £847.5 million.

### **Other adjustments**

- 6.18 The Budget incorporates other adjustments to TfL's budget totalling £98.0 million which include changes in debt servicing and the movement in revenue resources to support capital investment.

### **New schemes**

- 6.19 The 2014 Business Plan presents a balanced and affordable capital expenditure budget to the end of 2020-21. During the course of the year, projects are monitored and the implications of slippage or bringing expenditure forward are reflected in TfL's borrowing and balances. This allowed, before the Spending Review, the adoption of the following new spending areas within the Business Plan period. The impact of the Spending Review on the Business Plan and these schemes is now under review.

- TfL Growth Fund - £300m;
- Air quality - £100m;
- Station accessibility - £75m;
- Old Oak Common stations - £250m;

## Section 6 – Transport for London

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- Sutton tram extension - £100m;
- Road safety - £20m;
- Cycling infrastructure - £100m;
- Cycle hire integration with the rest of the public transport network - £105m; and
- Roads and Traffic Policing Command - £25m.

6.20 The impact of the CSR on TfL is to reduce the overall resources available to them by some £2.8 billion over the five year period to 2020-21. In view of the scale of this reduction TfL are reviewing their spending plans and will publish a revised Business Plan incorporating the impact of the CSR announcement in March 2016.

### Equalities

6.21 As part of the approval process for its latest Business Plan, TfL produced and considered an Equalities Impact Assessment (EqIA). TfL will undertake a comprehensive review when updating the Business Plan during 2016 to ensure equality implications continue to be assessed.

### Environmental impact

6.22 TfL plays an important role in managing the environmental impacts in London by providing social and economic value while reducing their impact on the local and global environment. TfL will continue to drive environmental performance and will continue to monitor and report on key environmental metrics each year, including their significant efforts to reduce carbon and air pollutant emissions. TfL crucially operates a reliable, high capacity network offering lower polluting services including trains, buses, cycling and walking.

### Reserves

6.23 At 31 March 2016 TfL's general reserves balance is estimated to total £150.0 million. This balance is forecast to remain constant through to 31 March 2019. In addition, TfL estimates that it will hold £825.2 million of earmarked reserves at 31 March 2016 which is estimated to decrease to nil at 31 March 2019. This is based on TfL's planned profile of expenditure to March 2019.

6.24 Earmarked reserves have been established to finance future capital projects, consistent with TfL's approved Business Plan, and form part of the overall funding available for the Investment Programme. Earmarked reserves will be expended over the period to 31 March 2019 on a number of major capital programmes as part of TfL's Investment Programme.

## Section 6 – Transport for London

6.25 TfL maintains a general fund to ensure liquidity and protect from short-term effects which may arise from the crystallisation of specific risks. The expected movements in reserves over the planning period are set out in the table below.

<b>Movement in reserves During Financial Year</b>	<b>Outturn 2014-15 £m</b>	<b>Forecast 2015-16 £m</b>	<b>Budget 2016-17 £m</b>	<b>Plan 2017-18 £m</b>	<b>Plan 2018-19 £m</b>
<b>Opening balances</b>	<b>2,126.2</b>	<b>1,884.8</b>	<b>975.2</b>	<b>513.1</b>	<b>509.3</b>
Transfers to/from:					
Earmarked reserves	-234.8	-909.6	-462.1	-3.8	-359.3
General reserves	-6.6	0.0	0.0	0.0	0.0
<b>Closing balances</b>	<b>1,884.8</b>	<b>975.2</b>	<b>513.1</b>	<b>509.3</b>	<b>150.0</b>

6.26 The expected total reserves at the end of each financial year are summarised below:

<b>Total TfL reserves at end of financial year</b>	<b>Outturn 2014-15 £m</b>	<b>Forecast 2015-16 £m</b>	<b>Budget 2016-17 £m</b>	<b>Plan 2017-18 £m</b>	<b>Plan 2018-19 £m</b>
Earmarked reserves	1,734.8	825.2	363.1	359.3	0.0
General reserves	150.0	150.0	150.0	150.0	150.0
<b>Total</b>	<b>1,884.8</b>	<b>975.2</b>	<b>513.1</b>	<b>509.3</b>	<b>150.0</b>

## Section 7 – London Legacy Development Corporation

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### Introduction

- 7.1 The London Legacy Development Corporation (“the Legacy Corporation”) is responsible for promoting and delivering the physical, social, economic and environmental regeneration of Queen Elizabeth Olympic Park and the surrounding area. In particular, the Legacy Corporation aims to maximise the legacy of the Olympic and Paralympic Games, by securing high-quality sustainable development and investment, ensuring the long-term success of the facilities and assets within its direct control.
- 7.2 Since the London 2012 Olympic and Paralympic Games, the Legacy Corporation has been working to transform the Park and venues from their Olympic to their legacy configuration. The Copper Box Arena, Timber Lodge, North Park and Aquatics Centre re-opened by March 2014. The ArcelorMittal Orbit and re-modelled South Park opened in April 2014 and the Stadium will re-open permanently in summer 2016 (following a successful temporary re-opening for a series of events in summer 2015, including Rugby World Cup matches).
- 7.3 Alongside its operational mobilisation, the Legacy Corporation’s wider role in creating a great place and creating opportunities for local people will assume ever greater importance. The Corporation will work in partnership to bring forward regeneration schemes and housing to further the transformation of east London enabled by the London 2012 Games. This includes delivering the Mayor’s Olympicopolis vision, new social and transport infrastructure, and working with the host boroughs and other partners to create economic opportunity and support local people and businesses, as they seek to access it.

### Key deliverables

- 7.4 During the period to 2016-17, the Legacy Corporation’s revenue and capital budgets will be deployed to deliver the following strategic objectives:
- Progression of residential developments, such as Chobham Manor, East Wick and Sweetwater and development strategies for Stratford Waterfront and Pudding Mill Lane;
  - Progression of masterplans and submission of outline planning application for Olympicopolis
  - Phased opening of East Wick School and construction start on the David Ross Education Trust (DRET) London Free School;
  - Commencement of improvement works to infrastructure at Stratford and Hackney Wick Stations and completion of Twelvetrees and Wallis Road Bridge ramps;
  - Phased opening of Here East – the former press and broadcast centre;
  - Permanent re-opening of the stadium in the summer of 2016 in time for the 2016-17 football season;
  - Achieve Park visitor number forecast of 5.5 million;

## Section 7 – London Legacy Development Corporation

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- Host major sports events including UCI Track Cycling, European Aquatics Championships; World Track Cycling Championships; Women’s Champions Hockey Trophy; Sport Relief; and Meet the Future; and
- Exceed targets for Motivate East inclusive sport project, Active People Active Park and Sport and Health.

### Olympicopolis

- 7.5 The Olympicopolis vision brings together the world class cultural and education institutions of Sadler’s Wells, University of the Arts London (UAL), University College London (UCL), the Victoria & Albert Museum (V&A), and potentially also the Smithsonian Institute on the Park to create an arts and education quarter that will create 3,000 jobs in the area and attract 1.5 million visitors a year. The £1.3 billion programme is funded through a combination of Government funding, contributions from partners, receipts from the sale of residential developments, philanthropic donations and GLA funding. The Foundation for Future London (FFL), an independent charity, has been established to secure the philanthropic funding as well as to forge links with local communities so that they benefit in the long term from the creation of new jobs and the realisation of new cultural and educational opportunities. In 2016-17 LLDC will work with partners and funders, as well as the local community to ensure that these exciting new developments for the Park are on track to commence construction from 2018. LLDC’s programme assurance capability is being strengthened and the programme will continue to progress legal agreements with each of the partners.
- 7.6 The proposed budgets for Olympicopolis are reflected in the Capital Plan (at Table 2, Appendix E) which includes £46.1million in 2016-17. Total Government funding for the project of £152 million was confirmed in the Chancellor’s Autumn Statement. The implications of LLDC supporting this major complex development programme have been reflected in the staffing and associated revenue budget (at Table 1 of Appendix E).

### Gross revenue and capital expenditure

- 7.7 **The Mayor’s proposed gross revenue expenditure in 2016-17 is £40.8 million,** an increase of £0.3million from 2015-16. **The Mayor’s proposed Capital Programme for the LLDC totals £106.5 million in 2016-17** and is set out in Section 9 as part of the Group-wide Capital Spending Plan and in more detail in Appendix E. This is £32.7 million lower than in 2015-16 due to reduction in stadium transformation expenditure reflecting that the works complete early in 2016-17.

### Net revenue budget and council tax requirement

- 7.8 The Mayor’s proposed revenue expenditure for LLDC net of income in 2016-17 is £36.0 million, a reduction of £3.6 million, reflecting savings and efficiencies along with an increase in income generated from the fixed estate charge and rental income as residential and commercial occupation of the Park increases.
- 7.9 After deducting fees, charges, the agreed contribution from the GLA, other income and planned use of reserves, **the Mayor proposes a nil council tax requirement for LLDC.**

## Section 7 – London Legacy Development Corporation

- 7.10 LLDC’s revenue budget is summarised below on an objective basis. This includes capital financing costs to service borrowing but this has a net nil impact as the funding is being provided by the GLA. A subjective analysis is set out in Appendix E.

### LLDC – Objective Analysis

Objective analysis	Revised Budget 2015-16 £m	Forecast 2015-16 £m	Budget 2016-17 £m	Plan 2017-18 £m	Plan 2018-19 £m
Park Opening and Operations	11.2	12.1	10.6	10.9	11.2
Real Estate and Regeneration	3.5	3.3	2.9	2.8	1.7
Corporate	17.1	16.7	14.5	14.7	14.6
Planning Authority	0.8	1.0	1.1	1.1	1.0
Irrecoverable VAT and contingency	1.7	1.7	0.8	0.3	0.0
Financing costs	6.3	8.2	10.9	11.6	13.0
<b>Total expenditure</b>	<b>40.5</b>	<b>42.9</b>	<b>40.8</b>	<b>41.3</b>	<b>41.4</b>
Real estate and regeneration income	-0.1	0.0	-0.2	-0.3	-0.6
Park and venues income	-1.7	-1.6	-3.3	-5.1	-5.8
Planning authority income	-0.8	-1.3	-1.1	-1.1	-1.0
Other income	-0.4	-0.4	-0.3	-0.2	0.0
<b>Total income</b>	<b>-3.0</b>	<b>-3.3</b>	<b>-4.8</b>	<b>-6.6</b>	<b>-7.4</b>
<b>Net expenditure</b>	<b>37.5</b>	<b>39.6</b>	<b>36.0</b>	<b>34.7</b>	<b>34.0</b>
Use of reserves	-14.2	-14.4	-7.9	0.0	0.0
<b>Net expenditure after use of reserves</b>	<b>23.3</b>	<b>25.2</b>	<b>28.1</b>	<b>34.7</b>	<b>34.0</b>
GLA Funding for core activities	17.0	17.0	17.2	14.0	14.0
GLA Funding for financing costs	6.3	8.2	10.9	11.6	13.0
Funding/savings to be identified	0.0	0.0	0.0	9.1	7.0
<b>Council tax requirement</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

### Explanation of budget changes

- 7.11 Changes to the Legacy Corporation’s budget reflect the changing scope of the organisation’s work during its start-up period, the resource requirements to support the Olympicopolis programme and the cost of managing the Park and venues, alongside targeted savings and efficiencies.
- 7.12 An analysis of the year on year movement in the council tax requirement is set out below.

## Section 7 – London Legacy Development Corporation

Changes in the LLDC's council tax requirement	£m
<b>2015-16 council tax requirement</b>	<b>0.0</b>
<i>Changes due to:</i>	
Inflation	0.3
Savings	-4.3
Efficiencies	-4.9
New initiatives and service improvements	2.8
Change in use of reserves	6.3
Net Change in GLA core grant	-0.2
<b>2016-17 council tax requirement</b>	<b>0.0</b>

### Inflation

- 7.13 External contracts include negotiated provisions for inflation. Staff costs increase in line with public sector pay guidelines with inflation of 1 per cent (which on net revenue staff costs equates to £0.1 million).

### Savings and efficiencies

- 7.14 The Budget proposes savings and efficiencies of £4.3 million and £4.9 million respectively in 2016-17. These include increasing fixed estate charge and rental income, savings on sports and event programming, one-off savings on accommodation costs and savings on park management offset by a specific security contingency to address the heightened security environment.

### New initiatives and service improvements

- 7.15 Areas where the Legacy Corporation's expenditure will grow include additional costs of reactive maintenance and utilities on venues and additional planning support in relation to Olympicopolis totalling £2.8 million in 2016-17.

### Change in use of reserves

- 7.16 During 2015-16, the Legacy Corporation expects to draw down £14.4 million of revenue reserves, bringing the balance to £7.9 million as at 1 April 2016. The Corporation anticipates making considerable savings in 2016-17; however, remaining reserves of £7.9m will be drawn down in full in 2016-17. As the Corporation's principal funder revenue reserves will be held by the GLA in the Mayor's component budget.

### Changes in Government grants

- 7.17 The Legacy Corporation receives its revenue funding via the GLA and the Mayor proposes to increase this by £0.2million in 2016-17 to £17.2 million. There is a planned reduction in funding in future years, but this is subject to further review pending consideration of further efficiencies in Park management and venue operations and the successful commercial exploitation of Park assets.

## Section 7 – London Legacy Development Corporation

### Equalities

- 7.18 To support the development of LLDC's new 5 Year Strategy, and in recognition of the considerable additional investment associated with the Olympicopolis project which is outside of the scope of the original Legacy Communities Scheme (LCS), LLDC has undertaken a new Strategic Equality Impact Assessment.

### Environmental impact

- 7.19 The Legacy Corporation's policy is that the Park will use the best of the Games' infrastructure, innovation and inspiration, to provide a pioneering model of urban regeneration promoting sustainable lifestyles through sustainable infrastructure. The Park was conceived as an environmental showcase and will continue to strive for environmental excellence. The Corporation has set a wide range of environmental performance measures and will publish an annual sustainability report.

### Reserves

- 7.20 At 31 March 2015 LLDC's general reserves balance was £22.2 million. This balance is forecast to fall to £7.9 million by 31 March 2016 and decrease to zero by the end of 2016-17. The Mayor is not expecting LLDC to hold any earmarked revenue reserves. The expected movements in reserves over the planning period are set out in the table below.

<b>Movement in LLDC reserves During Financial Year</b>	<b>Outturn 2014-15 £m</b>	<b>Forecast 2015-16 £m</b>	<b>Budget 2016-17 £m</b>	<b>Plan 2017-18 £m</b>	<b>Plan 2018-19 £m</b>
<b>Opening balances</b>	17.5	22.2	7.9	0.0	0.0
Transfers to/from:					
Earmarked reserves	0.0	0.0	0.0	0.0	0.0
General reserves	4.7	-14.4	-7.9	0.0	0.0
<b>Closing balances</b>	<b>22.2</b>	<b>7.9</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

- 7.21 The expected total reserves at the end of each financial year are summarised below:

<b>Total LLDC reserves at end of financial year</b>	<b>Outturn 2014-15 £m</b>	<b>Forecast 2015-16 £m</b>	<b>Budget 2016-17 £m</b>	<b>Plan 2017-18 £m</b>	<b>Plan 2018-19 £m</b>
Earmarked reserves	0.0	0.0	0.0	0.0	0.0
General reserves	22.2	7.9	0.0	0.0	0.0
<b>Total</b>	<b>22.2</b>	<b>7.9</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

## Section 8 – Old Oak and Park Royal Development Corporation

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### Introduction

- 8.1 A new Mayoral Development Corporation (MDC) for the Old Oak Common and Park Royal area came into operation on 1 April 2015. The new High Speed 2 (HS2), Crossrail and Great West Mainline stations at Old Oak Common will provide the impetus for a once in a lifetime regeneration opportunity in that part of West London. The OPDC, utilising its planning and regeneration powers, will ensure that all these benefits are captured and maximised to deliver much needed jobs and homes in London. As the OPDC is a functional body of the GLA under the GLA Act it is required to have its own approved component budget and statutory council tax requirement.

### Key Deliverables

- 8.2 OPDC's planning framework was approved and adopted by the Mayor on 4 November 2015. The Opportunity Area Planning Framework aims to:
- create a new urban neighbourhood at Old Oak, supporting a minimum of 24,000 new homes and an additional 1,500 in non-industrial locations in Park Royal;
  - support the creation of 55,000 new jobs at Old Oak and a further 10,000 at Park Royal;
  - protect and enhance Park Royal as a strategic industrial location;
  - ensure new development safeguards at nearby amenity assets such as Wormwood Scrubs and the Grand Union Canal; and
  - work with communities, residents and businesses to realise the strategy.

### Gross revenue and capital expenditure

- 8.3 The Mayor's proposed gross revenue expenditure for the OPDC in 2016-17 is **£5.5 million**.

### Net revenue budget and council tax requirement

- 8.4 After deducting planning application fees and charges and its allocated contribution from the GLA, **the Mayor's proposed net expenditure and council tax requirement for the OPDC in 2016-17 is NIL**. Its revenue budget is summarised below on an objective basis.

## Section 8 – Old Oak and Park Royal Development Corporation

### OPDC – Objective Analysis

Objective analysis	Revised Budget 2015-16 £m	Forecast 2015-16 £m	Budget 2016-17 £m	Plan 2017-18 £m	Plan 2018-19 £m
Strategy and Programme	1.1	1.6	2.9	3.5	3.5
Planning	1.6	1.4	1.8	1.2	1.2
Corporate Operations	1.2	1.0	0.8	0.9	0.9
<b>Total expenditure</b>	<b>4.0</b>	<b>4.0</b>	<b>5.5</b>	<b>5.7</b>	<b>5.7</b>
Planning application income	-0.2	-0.2	-0.2	-0.2	-0.2
<b>Total income</b>	<b>-0.2</b>	<b>-0.2</b>	<b>-0.2</b>	<b>-0.2</b>	<b>-0.2</b>
<b>Net expenditure</b>	<b>3.7</b>	<b>3.7</b>	<b>5.4</b>	<b>5.5</b>	<b>5.5</b>
GLA Funding for core activities	3.7	3.7	5.4	5.5	5.5
<b>Council tax requirement</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

### Explanation of budget changes

- 8.5 Most changes to the OPDC's budget reflect the changing scope of the organisation's work in its first few years of operation. An analysis of the year on year movement in the council tax requirement is set out below.

Changes in the OPDC's council tax requirement	£m
<b>2015-16 council tax requirement</b>	<b>0.0</b>
<i>Changes due to:</i>	
Inflation	0.0
Savings and efficiencies	0.0
New initiatives and service improvements	1.6
Increase in GLA funding	-1.6
<b>2016-17 council tax requirement</b>	<b>0.0</b>

### Inflation

- 8.6 The Budget assumes that external contracts include negotiated provisions for inflation. Staff costs have been increased in line with public sector pay guidelines.

### Savings and efficiencies

- 8.7 As the OPDC is in the initial establishment stage no savings and efficiencies are proposed for 2016-17.

### New initiatives and service improvements

- 8.8 The Budget proposes new initiatives and service improvements totalling £1.6 million to take forward the Corporation's key deliverables.

## **Section 8 – Old Oak and Park Royal Development Corporation**

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### **Changes in grants**

- 8.9 The OPDC receives its revenue funding via the GLA. The total revenue grant made available by the Mayor is £5.4 million in 2016-17 – around £1.6 million higher than in 2015-16.

### **Equalities**

- 8.10 Equality for all is at the centre of the corporate strategy of OPDC which is to improve lives through employability, improved homes and exemplar neighbourhoods. This strategy will have the ability to improve citizen's contribution and access to economic growth. The OPDC's approach to Inclusion is set out in its emerging corporate policies which will be agreed by its Board.

### **Environmental impact**

- 8.11 The OPDC area will benefit from a highly connected network of new and improved streets and open spaces, which will encourage exemplary walking and cycling. Located at the only point where HS2 meets Crossrail, Old Oak and Park Royal will have one of the most connected 'hubs' on the rail network in the country. With a redesigned and improved local bus network, and a significantly transformed road network, sustainable transport will be embedded at the heart of the future masterplan.

### **Reserves**

- 8.12 The OPDC has no reserves at present as its initial establishment and operational expenditure is funded by the GLA from its resources.

## **Section 9 – Draft Capital Spending Plan and Borrowing Limits**

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### **Introduction**

- 9.1 The Mayor is required to prepare a Capital Spending Plan (CSP) every year for each of the GLA's functional bodies. Before issuing his final plan he is required to consult on a draft plan with the Assembly and each functional body under section 123 of the GLA Act. This section sets out the draft capital spending plan which was included as part of the Mayor's consultation budget which met this statutory requirement. Even though the statutory timetable for the submission of the CSP is different from the requirements for the revenue budget, the same timeframe is adopted to assist in the analysis of the overall proposals. The Mayor is also required to set the borrowing limits for the GLA Group – the proposals for which are set out in Appendices A to F for the GLA and each functional body.

### **Key deliverables**

- 9.2 Set out below is a summary of the key deliverables in the Mayor's CSP:
- increase the supply of affordable homes, delivering 100,000 over the two Mayoral terms and identify new and better approaches to increasing housing supply;
  - deliver the transformation of policing's IT infrastructure and estate;
  - update and replace LFEPA's vehicle fleet, operational equipment and property portfolio to support and enable a modern fire service for London;
  - invest £200 million in bus priority schemes, £913 million in cycling and £4 billion in London's roads;
  - continue to deliver Crossrail which will transform rail capacity and journey times and deliver the Northern Line Extension to Nine Elms and Battersea; and
  - promote and deliver the regeneration of the Queen Elizabeth Olympic Park and surrounding area, including starting the delivery of Olympicopolis.

### **Draft Capital Spending Plan**

- 9.3 Set out below is a summary of the Mayor's Draft Capital Spending Plan for 2016-17 which sets out the capital funding sources for the CSP in line with the format required under section 122 of the GLA Act. Further details on the GLA and each functional body's draft plan are set out in Appendices A to F. More details of the key deliverables are set out in this section under each member of the Group and in the relevant Appendices.

## Section 9 – Draft Capital Spending Plan and Borrowing Limits

### Draft GLA Group Statutory Capital Spending Plan 2016-17 Under Section 122 of the GLA Act

Section		GLA	MOPAC	LFEPAC	TfL	LLDC	OPDC
		£m	£m	£m	£m	£m	£m
A	Total external capital grants	466.0	34.8	0.3	2,618.7	0.0	0.0
	Opening balance of capital receipts	0.0	0.0	25.9	0.0	0.0	0.0
	Total capital receipts during the year	63.9	473.0	10	115.0	60.1	0.0
	<b>Total capital grants/ receipts</b>	<b>529.9</b>	<b>507.8</b>	<b>36.2</b>	<b>2,733.7</b>	<b>60.1</b>	<b>0.0</b>
B	Minimum s.120(1) grant	0.0	0.0	0.0	0.0	0.0	0.0
	Total borrowings during the year	323.0	0.0	23.4	731.4	0.0	0.0
	Total borrowings	0.0	0.0	0.0	0.0	46.4	0.0
	<b>Total borrowings and credit arrangements</b>	<b>323.0</b>	<b>0.0</b>	<b>23.4</b>	<b>731.4</b>	<b>46.4</b>	<b>0.0</b>
C	Total capital expenditure anticipated during the year	812.1	228.2	58.8	3,581.2	106.5	0.0
	Total credit cover arrangements in respect of requirements of 50(2) and 51(4) Local Government and Housing Act 1989	0.0	0.0	0.0	0.0	0.0	0.0
	<b>Total capital spending for the year</b>	<b>812.1</b>	<b>228.2</b>	<b>58.8</b>	<b>3,581.2</b>	<b>106.5</b>	<b>0.0</b>
D	Funding: capital grants	434.3	34.8	0.3	2,659.0	0.0	0.0
	Funding: capital receipts/reserves	54.8	193.4	35.1	115.0	60.1	0.0
	Funding: borrowings and credit arrangements	323.0	0.0	23.4	731.4	46.4	0.0
	Funding: revenue contributions	0.0	0.0	0.0	75.8	0.0	0.0
	<b>Total funding</b>	<b>812.1</b>	<b>228.2</b>	<b>58.8</b>	<b>3,581.2</b>	<b>106.5</b>	<b>0.0</b>

N.B. Estimates of capital receipts are those made by Functional Bodies

- 9.4 Set out below is a summary of the Mayor's draft Capital Plan to 2018-19 and how this is financed. Overall the GLA Group will be investing around £820.7 million less in 2016-17 than in 2015-16. The majority of this change reflects the tailing off of Crossrail costs and the profiling of the GLA's housing investment programme.

Summary of the Capital Plan 2015-16 to 2018-19	2015-16 Forecast £m	2016-17 Plan £m	2017-18 Plan £m	2018-19 Plan £m	4 year Total £m
GLA	1,097.5	812.1	1,073.7	623.1	3,606.4
MOPAC	266.0	228.2	228.3	246.2	968.7
LFEPAC	38.6	58.8	49.8	28.1	175.3
TfL	4,066.2	3,581.2	3,280.0	2,631.9	13,559.3
LLDC	139.2	106.5	126.2	356.5	728.4
OPDC	0.0	0.0	0.0	0.0	0.0
<b>Total</b>	<b>5,607.5</b>	<b>4,786.8</b>	<b>4,758.0</b>	<b>3,885.8</b>	<b>19,038.1</b>

## **Section 9 – Draft Capital Spending Plan and Borrowing Limits**

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### **Greater London Authority**

9.5 The key elements to the GLA's Capital Plan are, as follows:

- A Housing programme of £464 million in 2016-17 with the priority being to deliver affordable housing for Londoners in line with the Mayor's commitment of 100,000 new affordable homes over his two Mayoral terms. This programme also includes the start of the delivery of the London Housing Bank and Housing Zones;
- Funding of £193.0 million in 2016-17 is forecast to be paid to TfL to fund the Northern Line extension to Battersea. The total estimated cost to the GLA of the project is £1 billion. The GLA is financing the bulk of its NLE contribution by borrowing from the European Investment Bank and having issued an index-linked bond; and
- The other main elements of the GLA's capital programme in 2016-17 are contributions to the LLDC of £46 million and expenditure on Further Education of £35 million.

9.6 Details of the GLA's Capital Plan to 2016-17, together with the financing costs of the Programme, are set out at Appendix A. Details of the GLA's Authorised Limit and Operational Boundary for external debt are also set out in that Appendix.

### **MOPAC**

9.7 MOPAC's capital programme of £228.2 million in 2016-17 is critical to the transformation of policing's IT infrastructure and estate, both of which are vital to delivering the revenue savings programme. The Capital Programme includes funding for the transformation of the estate, investment in the 24 hour borough police stations and public access, technology projects in support of frontline policing and infrastructure modernisation and the vehicle replacement programme.

9.8 A detailed summary of MOPAC's Capital Plan to 2018-19, together with the financing costs of the programme, is set out at Appendix B. Details of MOPAC's Authorised Limit and Operational Boundary for external debt are also set out in that Appendix.

### **London Fire and Emergency Planning Authority**

9.9 The Mayor proposes that LFEPA's Capital Plan should increase by £20.2 million from the current spend forecast of £38.6million in 2015-16 to £58.8 million in 2016-17. The Capital Plan for 2017-18 is £49.8 million. The main elements of LFEPA's Capital Plan for the next two years of £108.6 million are a:

- Programmed replacement of the brigade's fleet of £43.3 million;
- Concessionary arrangements of £23.4 million, relating to provision of the brigade's PFI property project to deliver nine new fire stations; and
- Investment of £34.8 million into a range of range of operational improvements including the refurbishment of fire stations and other property projects.

## Section 9 – Draft Capital Spending Plan and Borrowing Limits

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9.10 Details of LFEPA's Capital Plan to 2018-19, together with the financing costs of the Programme, are set out at Appendix C. Details of LFEPA's Authorised Limit and Operational Boundary for external debt are also set out in that Appendix.

### Transport for London

9.11 The main elements of TfL's Capital Plan of £3,581.2 million in 2016-17, are, as follows:

- Crossrail (£1,300 million);
- Four Lines Modernisation (£509 million);
- Capacity Optimisation (£464 million);
- Stations Upgrade (£337million);
- Metropolitan Line Extension (£52 million);
- TfL Road Network (£151million);
- Cycle Superhighways (£35 million);
- Contactless ticketing (£15 million); and
- Customer Experience Projects (£16million).

9.12 The Mayor's investment allows 500 extra buses to be planned over the course of the business plan, which will create additional capacity for an extra 2.9 million customer journeys each week. As part of the Mayor's Cycling Vision, £913 million is being invested, to support the rapidly growing number of cyclists, through creating safer junctions across London, major segregated cycle routes and a network of Quietways on less busy streets.

9.13 As part of the Tube upgrade there will be a new automatic signalling system on the sub-surface lines plus new more spacious trains will increase capacity on the Circle and Hammersmith & City lines by 65 per cent, the District line by 24 per cent and the Metropolitan line by 27 per cent.

9.14 Crossrail is now more than 70 per cent complete, on schedule and within budget. It will add 10 per cent to London's rail capacity. 2016-17 will see the testing of the new Crossrail Trains. The first services, between Liverpool Street and Shenfield began operating last year with full Crossrail services operating from the end of 2019.

9.15 TfL's planned expenditure in 2016-17 is £485 million less than its forecast expenditure in 2015-16. This is largely due to Crossrail investment reducing by £230 million as the scheme nears completion; a reduction of £430 million in Commercial Development capital (which was relating to the one-off Earls Court transaction in 2015-16), offset by increased spend in Rail & Underground on the Four Lines Modernisation programme, increasing capacity and the Northern Line extension investment.

## **Section 9 – Draft Capital Spending Plan and Borrowing Limits**

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- 9.16 Details of TfL’s Capital Plan to 2018-19, together with the financing costs of the Programme, are set out at Appendix D. Details of TfL’s Authorised Limit and Operational Boundary for external debt are also set out at Appendix D.

### **London Legacy Development Corporation**

- 9.17 The Mayor’s proposed capital spending plan for the LLDC is £106.5 million in 2016-17. This represents a reduction of £32.7 million compared to 2015-16 reflecting reduced stadium transformation expenditure as the works complete in the summer of 2016-17. The main elements are £50 million being invested in infrastructure to support East Wick and Sweetwater residential scheme, Hackney Wick Station improvements, the completion of the Stadium transformation for permanent re-opening in the summer of 2016, and expenditure of £46 million on Olympicopolis.

- 9.18 Details of LLDC’s Capital Plan to 2018-19, together with the financing costs of the programme and the Authorised Limit and Operational Boundary for external debt are set out at Appendix E. The Mayor proposes that capital support to LLDC should be provided as loan funding to bridge the funding gap between the cost of the infrastructure required to enable the development of Queen Elizabeth Olympic Park (including Olympicopolis) and the future receipts from land sales which will enable the LLDC to repay its borrowings. In 2016-17 this is estimated to be £46.4 million, but in 2017-18 LLDC is projected to have a capital surplus of £69.6 million. Further support of £153.5 million is estimated in 2018-19.

### **Old Oak and Park Royal Development Corporation**

- 9.19 The Mayor’s proposed capital spending plan for the OPDC in 2016-17 is zero.

## Appendix A: Greater London Authority: Mayor and London Assembly

**Table 1: Mayor - Subjective analysis**

	Revised Budget 2015-16	Forecast Outturn 2015-16	Budget 2016-17	Plan 2017-18	Plan 2018-19
	£m	£m	£m	£m	£m
<b>Subjective analysis</b>					
Staff costs	36.0	36.0	36.0	36.0	36.0
Premises costs	16.2	16.2	15.9	17.1	17.3
Supplies and services	69.3	51.3	58.8	53.6	59.5
<b>Transfer payments to third parties:</b>					
Olympic funding agreement	61.0	61.0	28.3	0.0	0.0
Old Oak and Park Royal DC	3.7	3.7	5.4	5.4	5.4
Museum of London	7.6	7.6	7.6	7.6	7.6
London and Partners	12.0	12.0	11.0	11.9	11.9
LLDC	27.5	27.5	28.7	25.6	27.0
<b>Financing costs:</b>					
Capital financing costs Crossrail	130.0	130.0	115.3	115.3	115.3
Capital financing costs Non Crossrail	7.0	7.0	9.1	12.1	16.3
Voluntary revenue provision	10.2	10.2	10.5	10.8	8.9
Business rates retention tariff payment	355.7	355.7	358.6	505.3	516.9
Business rates retention levy payment	5.6	5.6	9.4	32.1	45.4
<b>Total revenue expenditure</b>	<b>741.8</b>	<b>723.8</b>	<b>694.6</b>	<b>832.8</b>	<b>867.5</b>
Sales fees and charges	-1.0	-1.0	-1.1	-1.1	-1.1
Rental income	-0.8	-0.8	-0.8	-0.8	-0.8
Crossrail Business rate supplement	-130.0	-130.0	-115.3	-115.3	-115.3
NLE Contributions	0.0	0.0	-2.1	-5.1	-9.8
Interest receivable	-10.4	-14.4	-18.9	-19.6	-21.0
Business rates income applied to fund tariff to CLG	-355.7	-355.7	-358.6	-505.3	-516.9
Business rates income to fund levy payment to CLG	-5.6	-5.6	-9.4	-32.1	-45.4
<b>Total income</b>	<b>-503.5</b>	<b>-507.5</b>	<b>-506.2</b>	<b>-679.3</b>	<b>-710.3</b>
<b>Net cost of services</b>	<b>238.3</b>	<b>216.3</b>	<b>188.4</b>	<b>153.6</b>	<b>157.3</b>
Transfer to/from reserves	66.6	88.6	-101.6	34.6	45.6
Transfer to MRR to fund cost of business rates collection fund deficit	25.6	25.6	72.5	0.0	0.0
<b>Financing requirement</b>	<b>330.5</b>	<b>330.5</b>	<b>159.3</b>	<b>188.2</b>	<b>202.9</b>
Council tax freeze Specific grants	9.5	9.5	0.0	0.0	0.0
Other specific grants	5.1	5.1	4.6	4.6	4.6
Retained business rates	155.9	155.9	95.8	122.1	131.2
Revenue support grant	41.8	41.8	10.0	6.9	6.7
<b>Basic Council tax requirement</b>	<b>118.3</b>	<b>118.3</b>	<b>48.8</b>	<b>54.6</b>	<b>60.4</b>
Collection fund surplus Council tax	-31.0	-31.0	-5.6	-5.6	-5.6
<b>Statutory council tax requirement</b>	<b>87.3</b>	<b>87.3</b>	<b>43.2</b>	<b>49.0</b>	<b>54.8</b>

## Appendix A: Greater London Authority: Mayor and London Assembly

**Table 2: Assembly - Subjective analysis**

	Revised Budget 2015-16	Forecast Outturn 2015-16	Budget 2016-17	Plan 2017-18	Plan 2018-19
<b>Subjective analysis</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Staff costs	6.1	6.1	6.2	6.2	6.2
Supplies and services	1.5	1.5	1.4	1.4	1.4
<b>Total revenue expenditure</b>	<b>7.6</b>	<b>7.6</b>	<b>7.6</b>	<b>7.6</b>	<b>7.6</b>
<b>Total income</b>	<b>-0.4</b>	<b>-0.4</b>	<b>-0.4</b>	<b>-0.4</b>	<b>-0.4</b>
<b>Financing requirement</b>	<b>7.2</b>	<b>7.2</b>	<b>7.2</b>	<b>7.2</b>	<b>7.2</b>
Retained business rates	2.1	2.1	2.1	2.1	2.1
Revenue support grant	2.5	2.5	2.5	2.5	2.5
<b>Council tax requirement</b>	<b>2.6</b>	<b>2.6</b>	<b>2.6</b>	<b>2.6</b>	<b>2.6</b>

## Appendix A: Greater London Authority: Mayor and London Assembly

**Table 3: GLA's Draft Capital Spending Plan**

GLA draft capital plan	Forecast Outturn 2015-16	Proposed Programme 2016-17	Proposed Plan 2017-18	Proposed Plan 2018-19
Regeneration	55.1	1.9	0.0	0.0
Growing Places Fund	13.6	40.8	22.8	2.8
London Regeneration Fund	0.0	11.6	8.4	0.0
Further Education Capital	16.6	35.0	64.3	32.5
Digital Talent	0.0	1.0	1.0	0.0
Super-Connected Cities	14.0	0.0	0.0	0.0
New Homes Bonus	32.2	TBC	TBC	TBC
London and Partners	0.2	0.2	0.2	0.2
London Great Outdoors: Parks and Street Trees	2.2	0.0	0.0	0.0
Mayor's Housing Covenant	377.7	241.8	559.1	112.4
Care & Support Programme - Phase 1 and 2	17.3	10.2	39.3	0.0
Decent Homes Programme	154.5	0.0	0.0	0.0
Custom Build	3.9	TBC	TBC	TBC
Homelessness Change and Platform for Life	15.0	15.0	0.0	0.0
London Housing Bank	0.0	80.0	120.0	0.0
Housing Zones	23.1	108.4	132.8	79.8
Recycled Capital Grant Funding	0.0	8.7	10.0	10.0
Right to buy	0.0	TBC	TBC	TBC
Land and Property	30.6	0.4	0.0	0.0
CPOs	12.2	14.1	0.0	0.0
A Sporting Future for London	1.7	2.2	0.0	0.0
Crossrail	9.0	0.0	0.0	0.0
Northern Line Extension	179.0	193.0	115.0	231.0
London Legacy Development Corporation <sup>1</sup>	139.2	46.4	0.0	153.5
City Hall	0.2	1.1	0.5	0.5
Technology Group	0.2	0.4	0.4	0.4
<b>Total capital expenditure</b>	<b>1,097.5</b>	<b>812.2</b>	<b>1,073.8</b>	<b>623.1</b>
<b>Funding:</b>				
Crossrail Business Rate Supplement (Revenue contribution)	9.0	0.0	0.0	0.0
CPO provision	12.2	14.1	0.0	0.0
Northern Line Extension – Borrowing and Developer Contributions	179.0	193.0	115.0	231.0
Capital receipts and other Sales Income	205.2	40.8	0.0	169.2
Other Grants & Contributions	78.5	33.9	49.3	10.0
DCLG Loans	20.0	130.0	195.0	35.0
DCLG Capital Grant (Growing places fund)	13.6	40.8	22.8	2.8
DCLG Capital grant (Other)	580.0	359.6	691.7	175.1
<b>Total capital funding</b>	<b>1,097.5</b>	<b>812.2</b>	<b>1,073.8</b>	<b>623.1</b>

Notes

- Capital receipts of £69.6 million transferred from the LLDC to the GLA have been netted off expenditure and funding in the proposed 2017-18 programme.

## Appendix A: Greater London Authority: Mayor and London Assembly

**Table 4: Financing costs of the GLA's Capital Programme**

Capital financing costs	2016-17 £m	2017-18 £m	2018-19 £m
Voluntary revenue provision (VRP) for debt repayment	10.5	10.8	8.9
External interest (Non Crossrail)	9.1	12.1	16.3
External interest (Crossrail - financed by BRS)	115.3	115.3	115.3
<b>Total financing costs</b>	<b>134.9</b>	<b>138.2</b>	<b>140.5</b>

**Table 5: GLA's Authorised limit for external debt**

	2015-16 Current Approval £m	2015-16 Revised Approval £m	2016-17 Proposed £m	2017-18 Proposed £m	2018-19 Proposed £m
Borrowing	4,600.0	4,600.0	4,800.0	4,900.0	5,000.0
Long term liabilities	0.0	0.0	0.0	0.0	0.0
<b>TOTAL</b>	<b>4,600.0</b>	<b>4,600.0</b>	<b>4,800.0</b>	<b>4,900.0</b>	<b>5,000.0</b>

**Table 6: GLA's Operational limit for external debt**

	2015-16 Current Approval £m	2015-16 Revised Approval £m	2016-17 Proposed £m	2017-18 Proposed £m	2018-19 Proposed £m
Borrowing	4,290.0	4,290.0	4,300.0	4,360.0	4,460.0
Long term liabilities	0.0	0.0	0.0	0.0	0.0
<b>TOTAL</b>	<b>4,290.0</b>	<b>4,290.0</b>	<b>4,300.0</b>	<b>4,360.0</b>	<b>4,460.0</b>

## Appendix B: Mayor's Office for Policing and Crime

**Table 1: MOPAC - Subjective analysis**

Subjective analysis	Revised Budget 2015-16 £m	Forecast Outturn 2015-16 £m	Budget 2016-17 £m	Plan 2017-18 £m	Plan 2018-19 £m
Total pay and overtime	2,451.0	2,447.7	2,431.9	2426.5	2416.5
Total running expenses	668.9	774.9	738.6	675.7	693.0
Capital Financing Costs	50.6	50.6	46.3	46.3	46.3
<b>Total expenditure</b>	<b>3,170.5</b>	<b>3,273.2</b>	<b>3,216.8</b>	<b>3,148.49</b>	<b>3,155.79</b>
<b>Income</b>					
Interest receipts	-0.8	-0.8	-0.8	-0.8	-0.8
Other income	-278.8	-264.0	-256.9	-248.9	-248.0
<b>Total income</b>	<b>-279.6</b>	<b>-264.8</b>	<b>-257.7</b>	<b>-249.7</b>	<b>-248.8</b>
Discretionary pension costs	35.9	34.0	35.9	35.9	35.9
Savings to be identified	0.0	0.0	0.0	-34.9	-67.0
<b>Net expenditure</b>	<b>2,926.8</b>	<b>3,042.4</b>	<b>2,995.0</b>	<b>2,899.8</b>	<b>2,875.9</b>
Transfers to/from reserves	-70.5	-188.7	-122.3	-26.1	-0.5
<b>Net financing requirement</b>	<b>2,856.4</b>	<b>2,853.7</b>	<b>2,872.8</b>	<b>2,873.7</b>	<b>2,875.4</b>
Specific Grants	376.0	373.4	374.6	373.7	373.7
Revenue support grant	0.0	0.0	27.1	27.1	27.1
Home Office General Policing Grant	1,913.8	1,913.8	1,904.6	1,904.6	1,904.6
<b>Council tax requirement</b>	<b>566.5</b>	<b>566.5</b>	<b>566.5</b>	<b>568.3</b>	<b>570.1</b>

## Appendix B: Mayor's Office for Policing and Crime

**Table 2: MOPAC's Draft Capital Plan**

MOPAC's final capital plan	Forecast Outturn 2015-16 £m	Proposed Programme 2016-17 £m	Proposed Plan 2017-18 £m	Proposed Plan 2018-19 £m
<b>Property Services and Fleet</b>				
Mobility	0.5	0.4	1.8	0.8
Public access & 24/7 policing	16.7	13.8	15.1	22.2
Specialist policing	3.1	3.7	5.6	4.2
Estate transformation	3.3	66.3	195.5	211.0
Headquarters estate	90.2	35.8	0.0	0.0
Hendon and the training estate	45.4	6.1	0.0	0.0
Core operational estate	0.4	6.2	10.0	8.0
24hr borough police stations	6.3	17.3	10.0	18.0
Integrated neighbourhood	0.2	0.4	0.0	0.0
Specialist facilities	3.9	9.8	0.0	0.0
Other	0.5	0.0	0.0	0.0
<b>Digital Policing</b>				
Asset Management	30.3	19.1	13.8	12.7
Supporting future business need/One Met Model 2020	26.2	97.5	37.5	34.3
Enables savings	55.7	16.8	4.0	0.0
<b>Subtotal</b>	<b>282.7</b>	<b>293.2</b>	<b>293.3</b>	<b>311.2</b>
Over-programming/headroom	-16.7	-65.0	-65.0	-65.0
<b>Total Programme Cost</b>	<b>266.0</b>	<b>228.2</b>	<b>228.3</b>	<b>246.2</b>
<b>Funding:</b>				
Capital Receipts	226.9	193.4	190.3	210.6
Capital grants & other contributions	38.1	34.8	38.0	35.6
Prudential Borrowing	0.0	0.0	0.0	0.0
Revenue Contributions	1.0	0.0	0.0	0.0
<b>Total funding gross of over-programming</b>	<b>266.0</b>	<b>228.2</b>	<b>228.3</b>	<b>246.2</b>

Note:

1. The profile of capital receipts will be different to that shown above as the majority of the capital receipts will be received in 2016/17. The above table shows how these receipts will be applied to fund the proposed capital programme.

**Table 3: Financing costs of MOPAC's Capital Plan**

Capital financing costs	2016-17 £m	2017-18 £m	2018-19 £m
Minimum revenue provision for debt repayment	24.2	24.2	24.2
External interest	22.0	22.0	22.0
<b>Total financing costs</b>	<b>46.2</b>	<b>46.2</b>	<b>46.2</b>

## Appendix B: Mayor's Office for Policing and Crime

**Table 4: MOPAC's Authorised limit for external debt**

	2015-16 Current Approval	2015-16 Revised Approval	2016-17 Proposed	2017-18 Proposed	2018-19 Proposed
	£m	£m	£m	£m	£m
Borrowing	515.5	515.5	501.1	484.7	468.2
Long term liabilities	87.8	87.8	83.3	79.2	76.2
<b>TOTAL</b>	<b>603.3</b>	<b>603.3</b>	<b>584.4</b>	<b>563.9</b>	<b>544.4</b>

**Table 5: MOPAC's Operational limit for external debt**

	2015-16 Current Approval	2015-16 Revised Approval	2016-17 Proposed	2017-18 Proposed	2018-19 Proposed
	£m	£m	£m	£m	£m
Borrowing	390.5	390.5	376.1	359.7	343.2
Long term liabilities	87.8	87.8	83.3	79.2	76.2
<b>TOTAL</b>	<b>478.3</b>	<b>478.3</b>	<b>459.4</b>	<b>438.9</b>	<b>419.4</b>

## Appendix C: London Fire and Emergency Planning Authority

**Table 1: LFEPA - Subjective analysis**

Subjective analysis	Revised Budget 2015-16 £m	Forecast Outturn 2015-16 £m	Budget 2016-17 £m	Plan 2017-18 £m	Plan 2018-19 £m
Operational staff	241.7	236.3	244.2	250.8	250.6
Other staff	48.7	48.4	48.6	49.4	49.6
Employee related	23.3	23.9	23.6	24.3	24.9
Pensions	21.6	21.2	21.6	22.2	22.8
Premises	33.3	33.1	35.6	38.9	40.1
Transport	17.2	16.6	16.7	17.1	17.5
Supplies and services	25.8	25.5	25.7	25.1	26.0
Third party payments	2.1	2.1	2.2	2.2	2.3
Capital financing costs	10.0	10.0	9.8	9.8	11.1
Business Continuity	0.0	1.7	0.0	0.0	0.0
Central contingency against inflation	1.5	0.7	3.5	6.8	10.0
Savings to be required	0.0	0.0	-6.4	-17.6	-25.2
<b>Total revenue expenditure</b>	<b>425.3</b>	<b>419.4</b>	<b>425.2</b>	<b>428.9</b>	<b>429.7</b>
<b>Total income</b>	<b>-30.5</b>	<b>-30.9</b>	<b>-32.6</b>	<b>-33.7</b>	<b>-34.5</b>
<b>Net revenue expenditure</b>	<b>394.8</b>	<b>388.6</b>	<b>392.5</b>	<b>395.2</b>	<b>395.2</b>
Use of reserves	0.8	7.0	2.7	0.0	0.0
<b>Financing Requirement</b>	<b>395.6</b>	<b>395.6</b>	<b>395.2</b>	<b>395.2</b>	<b>395.2</b>
Financed by:					
Specific grants	13.2	13.2	12.8	12.8	12.8
Revenue support grant	129.4	129.4	128.5	112.0	100.1
Retained Business Rates	114.7	114.7	115.7	132.2	144.1
<b>Council tax requirement</b>	<b>138.2</b>	<b>138.2</b>	<b>138.2</b>	<b>138.2</b>	<b>138.2</b>

**Table 2: Capital financing costs of LFEPA's Draft Capital Plan**

Capital financing costs	2016-17 £m	2017-18 £m	2018-19 £m
Minimum revenue provision for debt repayment	5.9	5.9	7.0
External interest	3.9	3.9	4.1
<b>Total financing costs</b>	<b>9.8</b>	<b>9.8</b>	<b>11.1</b>

## Appendix C: London Fire and Emergency Planning Authority

**Table 3: LFEPA's Draft Capital Plan**

LFEPA's draft capital plan	Forecast Outturn 2015-16	Proposed Programme 2016-17	Proposed Plan 2017-18	Proposed Plan 2018-19
IT projects	8.2	2.9	1.0	0.5
Resilience projects	0.0	0.0	0.0	0.0
Refurbishment of fire stations	0.9	3.2	0.9	2.8
New/Replacement fire stations	2.8	3.9	8.1	0.0
Other property projects	1.7	8.2	14.5	14.4
Sustainability projects	2.3	2.7	1.8	1.8
Minor improvements programme	1.1	0.5	0.7	0.7
Contingency programme	0.0	1.0	1.0	1.0
Service concessions (PFI stations and Finance leases)	18.7	23.4	0.0	0.0
Fire Brigade fleet re-procurement	2.9	17.9	25.4	10.0
Over programming	0.0	-4.9	-3.6	-3.0
<b>Total capital expenditure</b>	<b>38.6</b>	<b>58.8</b>	<b>49.8</b>	<b>28.1</b>
<b>Funding:</b>				
Capital receipts	19.2	35.1	49.8	28.1
Borrowing and PFI leases	18.7	23.4	0.0	0.0
Capital grants	0.7	0.3	0.0	0.0
Revenue contributions	0.0	0.0	0.0	0.0
<b>Total funding</b>	<b>38.6</b>	<b>58.8</b>	<b>49.8</b>	<b>28.1</b>

**Table 4: LFEPA's Authorised limit for external debt**

	2015-16 Current Approval	2015-16 Revised Approval	2016-17 Proposed	2017-18 Proposed	2018-19 Proposed
	£m	£m	£m	£m	£m
Borrowing	145.0	145.0	150.0	150.0	150.0
Long term liabilities	75.0	75.0	75.0	75.0	75.0
<b>TOTAL</b>	<b>220.0</b>	<b>220.0</b>	<b>225.0</b>	<b>225.0</b>	<b>225.0</b>

**Table 5: LFEPA's Operational limit for external debt**

	2015-16 Current Approval	2015-16 Revised Approval	2016-17 Proposed	2017-18 Proposed	2018-19 Proposed
	£m	£m	£m	£m	£m
Borrowing	140.0	140.0	145.0	145.0	145.0
Long term liabilities	75.0	75.0	75.0	75.0	75.0
<b>TOTAL</b>	<b>215.0</b>	<b>215.0</b>	<b>220.0</b>	<b>220.0</b>	<b>220.0</b>

## Appendix D: Transport for London

**Table 1: TfL - Subjective Analysis**

Subjective analysis £m	Revised Budget 2015-16	Forecast Outturn 2015-16	Budget 2016-17	Plan 2017-18	Plan 2018-19
<b>Income</b>					
Fares Revenue	-4,639.7	-4,592.5	-4,958.4	-5,249.9	-5,699.6
Congestion Charging	-172.2	-170.8	-171.1	-170.0	-191.4
Enforcement Income	-129.8	-126.3	-130.0	-137.5	-137.2
Taxi & Private Hire and VCS fees	-28.2	-33.8	-29.4	-30.3	-31.1
Advertising Income	-102.6	-111.0	-125.2	-147.9	-158.8
Rental Income	-62.2	-64.0	-64.0	-60.6	-60.5
Other Income	-146.0	-155.8	-197.7	-210.5	-219.5
<b>Total Income</b>	<b>-5,280.7</b>	<b>-5,254.2</b>	<b>-5,675.8</b>	<b>-6,006.7</b>	<b>-6,498.1</b>
<b>Operating Expenditure</b>					
Employee Expenses	2,125.7	2,155.7	2,173.1	2,206.8	2,248.5
Premises	321.4	304.9	275.8	283.4	269.7
PFI Payments	239.2	236.9	239.3	229.2	241.2
Bus Contract Payments (incl. BSOG)	1,995.2	1,980.3	2,085.1	2,210.1	2,319.7
CCS & Other Road Contracted Services	308.2	311.9	292.8	290.6	298.5
Asset Maintenance & Local Authority Payments	550.5	557.3	594.5	618.8	619.4
Professional and Consultancy fees	93.5	80.7	55.3	45.8	53.3
Management Consultancy/Development fees	155.2	167.8	147.1	155.9	157.3
Ticket Commissions	61.7	58.8	65.6	61.9	74.4
Customer Information	63.6	54.8	44.4	40.5	29.7
National Rail Payments	6.9	7.8	7.2	8.2	7.7
Franchise Payments	293.9	366.4	319.9	334.7	352.4
Information and Communication Technology	209.7	226.6	228.3	233.7	242.9
Insurance	25.3	26.0	30.2	32.5	34.2
Traction Current	119.4	110.4	124.2	125.2	126.5
Other Operating Expenses	212.7	120.1	209.0	160.1	251.3
Capital Resources and Other Recharges	-197.6	-296.1	-202.8	-215.9	-161.5
Bad Debt Provision	49.2	51.5	49.0	51.8	51.8
<b>Total Operating Expenditure</b>	<b>6,633.7</b>	<b>6,522.0</b>	<b>6,738.0</b>	<b>6,873.2</b>	<b>7,216.9</b>
<b>Net Operating Expenditure</b>	<b>1,353.0</b>	<b>1,267.8</b>	<b>1,062.2</b>	<b>866.5</b>	<b>718.8</b>
Group Items & Third Party Contributions	343.8	318.3	428.1	540.1	521.8
Revenue surplus for capital use	-174.7	-178.4	75.8	192.0	387.9
<b>Spending Review Reduction</b>	<b>0.0</b>	<b>0.0</b>	<b>-240.0</b>	<b>-471.0</b>	<b>-696.5</b>
<b>Total Net revenue expenditure</b>	<b>1,522.2</b>	<b>1,407.6</b>	<b>1,326.1</b>	<b>1,127.7</b>	<b>932.0</b>
Financed by:					
GLA Transport Grant (general grant)	639.5	591.4	435.7	216.7	0.0
Other specific grants	29.2	37.7	30.1	31.1	32.0
Retained Business Rates	847.5	772.5	854.3	873.9	894.0
<b>Council tax requirement</b>	<b>6.0</b>	<b>6.0</b>	<b>6.0</b>	<b>6.0</b>	<b>6.0</b>

Note: VCS is Victoria Coach station. CCS is the Congestion Charging Scheme. BSOG is bus operators support grant.

## Appendix D: Transport for London

**Table 2: Summary of TfL's Draft Capital Spending Plan**

Capital spending plan	Forecast Outturn 2015-16 £m	Proposed Programme 2016-17 £m	Proposed Plan 2017-18 £m	Proposed Plan 2018-19 £m
Rail and Underground and Tube Lines	1,465.0	1,673.7	1,824.1	1,633.7
Surface Transport	472.0	435.8	483.7	514.9
Corporate	598.4	171.9	282.7	314.7
Crossrail	1,530.8	1,299.9	689.5	168.5
<b>Total capital expenditure</b>	<b>4,066.2</b>	<b>3,581.2</b>	<b>3,280.0</b>	<b>2,631.9</b>
<b>Funding:</b>				
Capital receipts/property sales	393.5	115.0	223.4	92.8
Grants to support capital expenditure	1,065.8	1,212.9	1,210.2	1,130.7
Borrowing	597.7	731.4	900.7	500.4
Crossrail funding sources	906.2	104.0	109.0	143.1
Revenue contributions	-178.4	75.8	192.0	387.9
Working capital and reserves movements	1,281.5	1,342.1	644.7	376.9
<b>Total funding</b>	<b>4,066.2</b>	<b>3,581.2</b>	<b>3,280.0</b>	<b>2,631.9</b>

Note: Details of each mode's Capital Plans are set out below.

**Table 3: Rail and Underground and Tube Lines Draft Capital Plan**

Draft LUL/Tube Lines Capital Spending Plan	Forecast Outturn 2015-16 £m	Proposed Programme 2016-17 £m	Proposed Plan 2017-18 £m	Proposed Plan 2018-19 £m
Stations Upgrade	332.0	336.6	244.2	179.4
Legacy Train Systems	14.8	52.7	59.1	62.3
Four Lines Modernisation	356.6	508.6	346.5	280.9
Metropolitan Line Extension	26.3	51.9	29.2	48.1
Infrastructure Renewals	273.2	240.7	236.2	175.8
New Tube For London	16.1	30.1	139.7	206.0
World Class Capacity	63.6	178.8	101.7	116.1
Northern Line Extension	113.8	219.9	228.0	107.2
Central Re-phasing provision	-135.6	-256.9	22.4	62.5
Reliability & Customer Facing Programmes	89.2	55.4	15.0	10.1
Other	18.6	12.8	16.1	10.2
Docklands Light Railway	37.2	33.6	56.2	49.7
London Overground	60.3	72.0	7.8	6.0
Trams	30.4	19.4	11.2	4.3
Crossrail	168.4	118.0	310.5	314.9
Emirates Air Line	0.1	0.2	0.5	0.3
<b>Total capital expenditure</b>	<b>1,465.0</b>	<b>1,673.7</b>	<b>1,824.1</b>	<b>1,633.7</b>

## Appendix D: Transport for London

**Table 4: Surface Transport Draft Capital Plan**

Surface Transport Capital Spending Plan	Forecast Outturn 2015-16 £m	Proposed Programme 2016-17 £m	Proposed Plan 2017-18 £m	Proposed Plan 2018-19 £m
Buses	125.6	38.5	28.2	27.7
Roads and Cycling	323.4	283.7	276.6	300.6
Other	23.0	113.6	178.9	186.6
<b>Total capital expenditure</b>	<b>472.0</b>	<b>435.8</b>	<b>483.7</b>	<b>514.9</b>

**Table 5: TfL Corporate Draft Capital Plan (Net and Gross of Crossrail)**

Draft TfL Corporate Capital Spending Plan	Forecast Outturn 2015-16 £m	Proposed Programme 2016-17 £m	Proposed Plan 2017-18 £m	Proposed Plan 2018-19 £m
Commercial Development	516.8	75.9	116.0	82.6
Future ticketing project	15.7	15.0	7.3	6.7
Other Corp capex incl. IM	65.9	81.1	159.4	225.3
<b>Corporate expenditure excluding Crossrail</b>	<b>598.4</b>	<b>171.9</b>	<b>282.7</b>	<b>314.7</b>
Crossrail contributions	1,530.8	1,299.9	689.5	168.5
<b>Corporate expenditure including Crossrail</b>	<b>2,129.2</b>	<b>1,471.8</b>	<b>972.2</b>	<b>483.2</b>

**Table 6: Capital financing costs of TfL's Draft Capital Plan**

TfL Capital financing costs	2016-17 £m	2017-18 £m	2018-19 £m
External interest	497.9	568.8	613.2
<b>Total financing costs</b>	<b>497.9</b>	<b>568.8</b>	<b>613.2</b>

**Table 7: TfL's Authorised limit for external debt**

	2015-16 Current Approval £m	2015-16 Revised Approval £m	2016-17 Proposed £m	2017-18 Proposed £m	2018-19 Proposed £m
Borrowing	10,376.5	10,376.5	11,074.9	11,962.8	12,462.8
Long term liabilities	306.0	365.3	257.4	214.4	194.3
<b>Total</b>	<b>10,682.5</b>	<b>10,741.8</b>	<b>11,332.3</b>	<b>12,177.2</b>	<b>12,657.1</b>

## Appendix D: Transport for London

**Table 8: TfL's Operational limit for external debt**

	2015-16 Current Approval £m	2015-16 Revised Approval £m	2016-17 Proposed £m	2017-18 Proposed £m	2018-19 Proposed £m
Borrowing	9,251.9	9,251.9	9,982.4	10,870.3	11,370.3
Long term liabilities	306.0	365.3	257.4	214.4	194.3
<b>Total</b>	<b>9,557.9</b>	<b>9,617.2</b>	<b>10,239.8</b>	<b>11,084.7</b>	<b>11,564.6</b>

**Table 9: Application of Net Congestion Charging Revenue by TfL**

It is anticipated that net revenue (after direct operating costs) of £171.1million will be generated from the Congestion Charge in 2016-17. An indicative attribution on how this revenue will be applied in line with the Congestion Charging scheme order is shown below.

	2016-17 £m
<b>Congestion Charging</b>	
<b>Bus network improvements:</b>	<b>73.6</b>
TfL will continue to keep the bus network under regular review. Priorities will be to maintain ease of use, attractive frequencies, adequate capacity, reliability of services and good coverage in the face of growing demand. The New Routemaster roll out is well underway, with a total of 800 buses to be in service in 2016.	
<b>Borough plans:</b>	<b>15.4</b>
The boroughs control 95 per cent of the Capital's road network, so the successful delivery of the Mayor's Transport Strategy will demand close partnership working to achieve the outcomes for which the Mayor strives.	
<b>Roads and bridges:</b>	<b>59.9</b>
TfL will continue to support a programme for improving the quality of street conditions and bridges, including reconstructing and resurfacing carriageways and footways, plus upgrading and strengthening structures. Road maintenance and renewal will continue, while bridge and tunnel safety schemes at several locations will be developed.	
<b>Road safety:</b>	<b>5.1</b>
Investment will continue in road safety measures on TfL and borough roads via Local Investment Plan (LIP) funding, in conjunction with measures adopted by the police and boroughs. Initiatives to reduce road casualties include engineering schemes at accident hotspots and road safety campaigns.	
<b>Walking and cycling:</b>	<b>17.1</b>
TfL will continue a programme of improvements for pedestrians, both on its own roads and on borough roads. Investment will be made to promote the benefits of walking, making it easier to plan and undertake journeys on foot, and deliver a safe, comfortable, attractive street environment. Investment will continue on projects designed to deliver the Mayor's Cycling Vision, which aims to create and sustain an environment that enhances the attractiveness of cycling, and includes the further development of Barclays Cycle Hire scheme and Barclays Cycle Superhighways.	
<b>Congestion Charge net revenue</b>	<b>171.1</b>

## Appendix E: London Legacy Development Corporation

**Table 1: LLDC - Subjective analysis**

Subjective analysis	Revised	Forecast	Budget	Plan	Plan
	Budget	Outturn			
	2015-16	2015-16	2016-17	2017-18	2018-19
	£m	£m	£m	£m	£m
Employee expenses	9.6	9.3	9.2	8.7	8.5
Premises costs	1.3	1.1	0.8	1.2	1.3
Supplies and services	23.4	24.3	19.9	19.7	18.6
Financing costs	6.3	8.2	10.9	11.6	13.0
<b>Total revenue expenditure</b>	<b>40.5</b>	<b>42.9</b>	<b>40.8</b>	<b>41.3</b>	<b>41.4</b>
Other Income	-3.0	-3.3	-4.8	-6.6	-7.4
<b>Net revenue expenditure</b>	<b>37.5</b>	<b>39.6</b>	<b>36.0</b>	<b>34.7</b>	<b>34.0</b>
Use of reserves	-14.2	-14.4	-7.9	0.0	0.0
<b>Net expenditure after use of reserves</b>	<b>23.3</b>	<b>25.2</b>	<b>28.1</b>	<b>34.7</b>	<b>34.0</b>
GLA Funding (core activities)	17.0	17.0	17.2	14.0	14.0
GLA Funding for financing costs	6.3	8.2	10.9	11.6	13.0
Savings to be identified	0.0	0.0	0.0	9.1	7.0
<b>Council Tax Requirement</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**Table 2: LLDC's Draft Capital Plan**

LLDC's draft capital plan	Forecast	Proposed	Proposed	Proposed
	Outturn	Programme	Plan	Plan
	2015-16	2016-17	2017-18	2018-19
	£m	£m	£m	£m
<b>Expenditure</b>				
Park Operations and Venues	100.4	11.8	1.8	3.0
Real Estate and Regeneration	21.5	38.2	44.1	6.1
Olympicopolis	15.8	46.1	79.2	340.1
Corporate activities	2.2	1.4	1.7	1.4
Irrecoverable VAT & contingency	1.0	10.5	1.8	0.3
Over-programming	-1.8	-1.5	-2.4	5.6
<b>Total expenditure</b>	<b>139.2</b>	<b>106.5</b>	<b>126.2</b>	<b>356.5</b>
<b>Funding</b>				
Borrowing	122.9	46.4	0.0	153.5
Capital receipts	11.2	27.7	32.0	63.5
Other grants and funding	5.1	32.4	94.2	139.5
Revenue contributions (reserves)	0.0	0.0	0.0	0.0
<b>Total funding</b>	<b>139.2</b>	<b>106.5</b>	<b>126.2</b>	<b>356.5</b>

Notes

Capital receipts of £69.6 million transferred from the LLDC to the GLA have been netted off expenditure and funding in the proposed 2017-18 programme.

## Appendix E: London Legacy Development Corporation

**Table 3: LLDC's Authorised limit for external debt**

	2015-16 Current Approval £m	2015-16 Revised Approval £m	2016-17 Proposed £m	2017-18 Proposed £m	2018-19 Proposed £m
Borrowing	320.0	320.0	400.0	360.0	470.0
Long term liabilities	0.0	0.0	0.0	0.0	0.0
<b>TOTAL</b>	<b>320.0</b>	<b>320.0</b>	<b>400.0</b>	<b>360.0</b>	<b>470.0</b>

**Table 4: LLDC's Operational limit for external debt**

	2015-16 Current Approval £m	2015-16 Revised Approval £m	2016-17 Proposed £m	2017-18 Proposed £m	2018-19 Proposed £m
Borrowing	310.0	310.0	390.0	350.0	460.0
Long term liabilities	0.0	0.0	0.0	0.0	0.0
<b>TOTAL</b>	<b>310.0</b>	<b>310.0</b>	<b>390.0</b>	<b>350.0</b>	<b>460.0</b>

## Appendix F: Old Oak and Park Royal Development Corporation

**Table 1: OPDC - Subjective analysis**

Subjective analysis	Revised	Forecast	Budget	Plan	Plan
	Budget	Outturn			
	2015-16	2015-16	2016-17	2017-18	2018-19
	£m	£m	£m	£m	£m
Employee expenses	1.3	1.3	2.4	2.4	2.4
Supplies and Services	2.6	2.6	3.1	3.3	3.3
<b>Total revenue expenditure</b>	<b>4.0</b>	<b>4.0</b>	<b>5.5</b>	<b>5.7</b>	<b>5.7</b>
Other Income	-0.2	-0.2	-0.2	-0.2	-0.2
<b>Net revenue expenditure</b>	<b>3.7</b>	<b>3.7</b>	<b>5.4</b>	<b>5.5</b>	<b>5.5</b>
GLA Funding for core activities	3.7	3.7	5.4	5.5	5.5
<b>Council Tax Requirement</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**Table 2: OPDC's Authorised limit for external debt**

	2015-16	2015-16	2016-17	2017-18	2018-19
	Current	Revised	Proposed	Proposed	Proposed
	Approval	Approval			
	£m	£m	£m	£m	£m
Borrowing	0.0	0.0	0.0	0.0	0.0
Long term liabilities	0.0	0.0	0.0	0.0	0.0
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**Table 3: OPDC's Operational limit for external debt**

	2015-16	2015-16	2016-17	2017-18	2018-19
	Current	Revised	Proposed	Proposed	Proposed
	Approval	Approval			
	£m	£m	£m	£m	£m
Borrowing	0.0	0.0	0.0	0.0	0.0
Long term liabilities	0.0	0.0	0.0	0.0	0.0
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

## **Appendix G: Savings and Efficiencies including Shared Services**

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### **Shared Services and Collaborative Procurement**

There has been extensive collaborative work undertaken to develop and expand the shared services agenda across the GLA Group. Each arrangement is led by a member of the Group in areas such as legal, procurement, exchequer services, financial systems, payroll, internal audit, treasury management, secretariat and member support services. Some of the arrangements that have been entered into during 2015-16 are outlined below; all are expected to deliver efficiency gains and/or cashable savings.

It is also important to recognise collaboration and the sharing of services beyond the group. Examples include collaboration between TfL and London boroughs, the MPS and other police forces and between the GLA and the City of Westminster in respect of facilities management. In addition there are formal contractual relationships that have been established, such as in the transport policing arrangement between MOPAC and TfL. Regular reporting of shared services activity across the Group is ongoing and scrutiny is carried out by the GLA Oversight Committee.

Some of the arrangements and achievements in 2015-16 are outlined below:

### **The GLA Group Collaborative Procurement Function**

The GLA Group Collaborative Procurement Team (GCPT) was established on 1 April 2015 to manage the common and low complexity procurement expenditure for the GLA and each of the functional bodies and the Metropolitan Police Service (MPS).

The GLA Collaborative Procurement Board, which is chaired by the Mayor's Chief of Staff and comprises a representative from each of the functional bodies, oversees the governance of the collaborative procurement function and as part of its duties is exploring opportunities for further collaboration across more complex areas of expenditure with a view to potentially increasing the level of savings that can be achieved for each of the functional bodies.

In its first seven months of operation the function has achieved cashable savings of £611,000 and efficiency savings of £262,000 across a range of categories including recruitment, consultancy, financial services and office supplies and equipment. In establishing the team it was recognised that it was likely to take 12 to 15 months for optimum saving delivery to be achieved and as activity increases the savings achieved by the GCPT are expected to grow significantly.

### **The GLA Group Investment Syndicate (GIS) and Shared Treasury Management (STM)**

The GIS exists to generate efficiencies through a pooled investment approach and to enhance the liquidity position of individual participants. It achieves this through sharing the capabilities of the GLA's Investment Team, whilst having the over-riding priority of preserving capital, meeting liquidity requirements, generating additional returns through the pooling of money (thus attracting better rates) and identifying opportunities for lending between participants. The GIS membership is made up of GLA, LFEPA, LLDC, MOPAC and the London Pension Fund Authority (LPFA). The total investments managed under the treasury shared service are now over £2.5 billion and the total borrowings managed are just under £4.2 billion.

## **Appendix G: Savings and Efficiencies including Shared Services**

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### **Summary of other key shared service arrangements**

Other key arrangements - amongst the many that the GLA and functional bodies have entered into - are set out below. All deliver cashable savings and/or efficiency gains:

- **TfL Legal Services:** TfL Legal provides the full suite of legal services to the GLA, MOPAC, LLDC and OPDC;
- **MOPAC Audit Function:** MOPAC provide internal audit services to the GLA, LFEPA, LLDC and OPDC;
- **GLA and MOPAC Shared HR:** The GLA provides HR services for MOPAC and OPDC;
- **GLA and MOPAC Shared IT:** The GLA Technology Group provides the IT Service for all MOPAC staff;
- **GLA Committee Services:** The GLA provides a full committee support service for the boards and committees of LFEPA, TfL, LLDC and OPDC; and
- **LFEPA Accommodation:** LFEPA shares part of its Union Street office space with the London Pensions Fund Authority and the GLA.

## Appendix G: Savings and Efficiencies including Shared Services

### Savings and Efficiencies across the GLA Group

The total savings and efficiencies to 2018-19 which have been identified across the Group are summarised below. The figures are presented on an incremental basis and do not include any savings still to be identified.

<b>Savings</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
GLA: Mayor	9.2	0.0	0.0
GLA: London Assembly	0.2	0.2	0.1
MOPAC	4.3	0.0	0.0
LFEPAC	0.5	0.0	0.0
TfL	0.0	0.0	0.0
LLDC	4.3	2.5	2.3
OPDC	0.0	0.0	0.0
<b>Total</b>	<b>18.5</b>	<b>2.7</b>	<b>2.4</b>

<b>Efficiencies</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
GLA: Mayor	0.0	0.0	0.0
GLA: London Assembly	0.0	0.0	0.0
MOPAC	122.3	51.1	39.0
LFEPAC	4.6	0.0	0.0
TfL	149.0	174.7	90.9
LLDC	4.9	0.4	0.3
OPDC	0.0	0.0	0.0
<b>Total</b>	<b>280.8</b>	<b>226.2</b>	<b>130.2</b>

<b>Savings and efficiencies</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
GLA: Mayor	9.2	0.0	0.0
GLA: London Assembly	0.2	0.2	0.1
MOPAC	126.6	51.1	39.0
LFEPAC	5.1	0.0	0.0
TfL	149.0	174.7	90.9
LLDC	9.2	2.9	2.6
OPDC	0.0	0.0	0.0
<b>Total</b>	<b>299.3</b>	<b>228.9</b>	<b>132.6</b>

## Appendix G: Savings and Efficiencies including Shared Services

The table below sets out the savings to be identified within the budgets of each of the GLA Group functional bodies.

<b>Savings to be identified</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
GLA: Mayor	0.0	0.0	0.0
GLA: London Assembly	0.0	0.0	0.0
MOPAC	0.0	34.9	67.0
LFEPa	6.4	17.6	25.1
TfL	240.0	471.0	696.5
LLDC	0.0	9.1	7.0
OPDC	0.0	0.0	0.0
<b>Total</b>	<b>246.4</b>	<b>532.6</b>	<b>795.6</b>

## Appendix H: Summary of Revenue Expenditure and Financing

### Introduction

The tables below summarise how the net expenditure (financing requirement) and council tax requirement is calculated for the GLA and each functional body in 2016-17.

	Gross expenditure	Fares and traffic income	Other general income	Net expenditure before use of reserves	Use of Reserves	Net expenditure after use of reserves
	£m	£m	£m	£m	£m	£m
<b>Mayor's Office for Policing and Crime</b>	<b>3,252.8</b>	<b>0.0</b>	<b>-257.7</b>	<b>2,995.1</b>	<b>-122.3</b>	<b>2,872.8</b>
GLA Mayor	694.6	0.0	-506.2	188.4	-29.1	159.3
GLA Assembly	7.6	0.0	-0.4	7.2	0.0	7.2
LFEPa	425.2	0.0	-32.6	392.5	2.7	395.2
TfL	6,964.2	-4,958.4	-755.6	1,250.3	75.8	1,326.1
LLDC	40.8	0.0	-32.9	7.9	-7.9	0.0
OPDC	5.5	0.0	-5.5	0.0	0.0	0.0
<b>Total Other Services</b>	<b>8,137.9</b>	<b>-4,958.4</b>	<b>-1,333.2</b>	<b>1,846.3</b>	<b>41.5</b>	<b>1,887.8</b>
<b>Total GLA Group</b>	<b>11,390.7</b>	<b>-4,958.4</b>	<b>-1,590.9</b>	<b>4,841.4</b>	<b>-80.8</b>	<b>4,760.6</b>

### Council Tax Requirement and Band D Council Tax

	Net expenditure after use of reserves	Specific Government Grants	General Government Grants	Retained Business Rates	Council Tax Requirement	Band D Amount
	£m	£m	£m	£m	£m	£
<b>Mayor's Office for Policing and Crime</b>	<b>2,872.8</b>	<b>-374.6</b>	<b>-1,931.7</b>	<b>0.0</b>	<b>566.5</b>	<b>206.79</b>
GLA Mayor	159.3	-4.6	-10.0	-95.8	48.8	13.68
GLA Assembly	7.2	0.0	-2.5	-2.1	2.6	0.95
LFEPa	395.2	-12.8	-128.5	-115.7	138.2	50.35
TfL	1,326.1	-30.1	-435.7	-854.3	6.0	2.19
LLDC	0.0	0.0	0.0	0.0	0.0	0.00
OPDC	0.0	0.0	0.0	0.0	0.0	0.00
Collection fund surplus	-5.6	0.0	0.0	0.0	-5.6	2.04
<b>Total other services</b>	<b>1,882.2</b>	<b>-47.5</b>	<b>-576.7</b>	<b>-1,067.9</b>	<b>190.0</b>	<b>69.21</b>
<b>Total GLA Group</b>	<b>4,755.0</b>	<b>-422.1</b>	<b>-2,508.4</b>	<b>-1,067.9</b>	<b>756.5</b>	<b>276.00</b>

## Appendix H: Summary of Revenue Expenditure and Financing

### Net revenue expenditure

The net revenue expenditure (or financing requirement) shown in the tables above - after allowing for the impact of variances in the collection of council taxes by London billing authorities - represents the sum of:

- revenue grants from the Government. These include general government grants (Home Office police grant, revenue support grant and the general element of the GLA Transport Grant) and specific grants (including for example Home Office police funding for counter-terrorism, Fire revenue grant, TfL Overground grant and EU funding paid to the GLA);
- retained business rates; and
- each body's share of the Council Tax precept.

The forecast financing requirement (net expenditure after use of reserves) for the GLA and each functional body is set out in the table below.

<b>Net revenue expenditure (financing requirement)</b>	<b>Revised Budget 2015-16 £m</b>	<b>Budget 2016-17 £m</b>	<b>Plan 2017-18 £m</b>	<b>Plan 2018-19 £m</b>
GLA Mayor	330.5	159.3	188.2	202.9
GLA Assembly	7.2	7.2	7.2	7.2
MOPAC	2,856.4	2,872.8	2,873.7	2,875.4
LFEPA	395.6	395.2	395.2	395.2
TfL	1,522.2	1,326.1	1,127.7	932.0
LLDC	0.0	0.0	0.0	0.0
OPDC	0.0	0.0	0.0	0.0
Collection fund (surplus)/deficit council tax	-31.0	-5.6	-5.6	-5.6
<b>Net revenue expenditure</b>	<b>5,080.9</b>	<b>4,755.0</b>	<b>4,586.4</b>	<b>4,407.1</b>

### Funding Allocations from Sources over which the Mayor has Direct Control

The Mayor's allocation of funding sources under his control is set out in Section 1. This section sets out more detail behind this analysis and explains the changes in allocations in 2016-17.

The majority of the reduction in the GLA's overall funding allocation for 2016-17 from Mayoral sources of £60.3 million relates to the impact of the Mayor's commitment to reduce his Council Tax and in particular the withdrawal of £12 out of the £20 Olympic precept. The increase in funding allocations to LLDC of £1.2 million and to OPDC of £1.7 million are reflected within the GLA's overall figure.

## **Appendix H: Summary of Revenue Expenditure and Financing**

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The GLA has a specific local policing element of £36.5 million within its revenue support grant allocation for 2016-17 and future years. This relates to MOPAC's estimated share of prior year Council Tax Freeze grants. As the Mayor has previously increased MOPAC's precept by £9.4 million in respect of council tax freeze grant, he has decided to allocate MOPAC an additional £27.1 million in RSG in 2016-17 and future years in order to deliver the £36.5 million sum set out in the settlement. TfL has a small increase in its share of retained business rates of £6.8 million in 2016-17 arising from the increase in the RPI of 0.8% in September 2015. The Mayor has made no change to the cash funding of the Assembly and LFEPA.

In summary, the Mayor's proposed Funding Allocations:

- provide the functional bodies with as much certainty as possible over funding sources that are themselves uncertain and volatile. This is achieved by allocating retained business rate income increasing by RPI at the previous September in line with the statutory basis used to uprate the non-domestic rating multiplier and holding their share of Council Tax income steady;
- provide additional support to LFEPA to offset the impact of the additional cuts in the former fire formula component of the GLA's Revenue Support Grant allocation; and
- manage the reduction in the precept through the Mayor's component budget while maintaining the council tax requirement for LFEPA and MOPAC. The Mayor's Resilience Reserve is used for this purpose (as well as being retained at a level considered to be sufficient to manage the prevailing funding uncertainties, although its adequacy in future years will depend on continued growth in the Council Tax base and business rates tax base).

### **Rates Retention Funding**

The table below sets out the provisional forecast of rates retention income for 2016-17. The GLA Mayoral allocation includes an element for GLA services with the remainder being transferred into the Mayor's Resilience Reserve. Any variances between the total income receivable and the amount allocated for services, levy and tariff payments are accounted for centrally through the Resilience Reserve. LLDC, OPDC and MOPAC are not included as their allocations from retained rates are nil. Appendix I outlines the assumptions made in more detail for 2016-17 and the subsequent two years.

The allocations are indicative as the actual sums allocated will be dependent on business rates revenues generated in London although the amount the Mayor is committed to pay to LFEPA is expected to be no lower than the figure stated. The allocations for 2016-17 will be reviewed before the Mayor's final draft budget in order to take into account the forecasts submitted by the 33 London billing authorities on or before 31 January. The GLA expects to manage any volatility arising from these forecasts through the Mayor's Resilience Reserve.

## Appendix H: Summary of Revenue Expenditure and Financing

### Forecast of Rates Retention Income in 2016-17

	GLA Mayor	GLA Assembly	GLA Total	TfL	LFEPA	Total
	£m	£m	£m	£m	£m	£m
<b>Total funding allocated to GLA and functional bodies</b>	95.8	2.1	97.9	854.3	115.7	1,067.9
Tariff payment to DCLG (0.8% increase)						358.6
Forecast Levy payment on growth to CLG						9.4
<b>Total assumed rates retention revenues in respect of 2016-17 (section 31 grant income and income from billing authorities)</b>						1,435.9
Collection fund deficit forecast – net sums repayable to billing authorities for 2015-16 and prior years						-72.5
<b>Total assumed rates retention revenues received in 2016-17 (section 31 grant and income from billing authorities)</b>						1,363.4

### Revenue Support Grant

The tables below illustrate the Mayor's provisional allocation of revenue support grant for 2016-17 and indicative amounts for 2017-18 and 2018-19. The 2016-17 figures will be confirmed following the final local government settlement.

### Provisional Allocation of Revenue Support Grant in 2016-17

Component within RSG	GLA Mayor	GLA Assembly	GLA Total	TfL	LFEPA	MOPAC	Total
	£m	£m	£m	£m	£m	£m	£m
Fire and Rescue funding	0.0	0.0	0.0	0.0	113.1	0.0	113.1
GLA general funding	7.5	2.5	10.0	0.0	15.4	0.0	25.4
Council tax freeze grant – policing <sup>1</sup>	2.5	0.0	2.5	0.0	0.0	27.1	29.6
<b>Total</b>	<b>10.0</b>	<b>2.5</b>	<b>12.5</b>	<b>0.0</b>	<b>128.5</b>	<b>27.1</b>	<b>168.1</b>

### Indicative Allocation of Revenue Support Grant in 2017-18

Component within RSG	GLA Mayor	GLA Assembly	GLA Total	TfL	LFEPA	MOPAC	Total
	£m	£m	£m	£m	£m	£m	£m
Fire and Rescue funding	0.0	0.0	0.0	0.0	95.2	0.0	95.2
GLA general funding	4.6	2.5	7.1	0.0	16.8	0.0	23.9
Council tax freeze grant – policing <sup>1</sup>	2.3	0.0	2.3	0.0	0.0	27.1	29.4
<b>Total</b>	<b>6.9</b>	<b>2.5</b>	<b>9.4</b>	<b>0.0</b>	<b>112.0</b>	<b>27.1</b>	<b>148.5</b>

## Appendix H: Summary of Revenue Expenditure and Financing

### Indicative Allocation of Revenue Support Grant in 2018-19

Component within RSG	GLA	GLA	GLA	TfL	LFEPA	MOPAC	Total
	Mayor	Assembly	Total				
	£m	£m	£m				
Fire and Rescue funding	0.0	0.0	<b>0.0</b>	0.0	84.9	0.0	<b>84.9</b>
GLA general funding	4.6	2.5	<b>7.1</b>	0.0	15.2	0.0	<b>22.3</b>
Council tax freeze grant – policing <sup>1</sup>	2.1	0.0	<b>2.1</b>	0.0	0.0	27.1	<b>29.2</b>
<b>Total</b>	<b>6.7</b>	<b>2.5</b>	<b>9.2</b>	<b>0.0</b>	<b>100.1</b>	<b>27.1</b>	<b>136.4</b>

Note: 1. A total of £36.5 million is set out in the local government finance settlement as council tax freeze grant for London policing. This includes around £6 million allocated within the rates retention baseline. MOPAC has already been allocated £9.4 million of this sum since 2014-15 via an offsetting uplift to its council tax requirement and therefore the residual balance of this due to it is £27.1 million. The balance of the allocated sum within revenue support grant is retained by the GLA in the MRR in recognition that its council tax requirement was reduced in 2014-15 to offset the £9.4 million transfer of resources to MOPAC.

### Crossrail BRS Revenue Account Illustrating Application of Income Collected from Ratepayers

The table below illustrates how the forecast £223.5 million of BRS income collectable from non domestic ratepayers is expected to be applied over the three financial years.

By the end of 2015-16 the GLA's entire £4.1 billion contribution to Crossrail financed through the BRS will have been transferred to TfL where it is held in the ring fenced Crossrail sponsor funding account until applied to fund the construction costs. Any sums received in BRS income not required to be applied in year to meet capital financing costs, Crossrail project contributions, treasury management fees, and other expenses are retained to meet future financing and debt repayment costs.

	2015-16	2016-17
	£m	£m
Capital financing costs	130.0	115.3
Treasury Costs and Brokerage Fees	1.1	1.1
Direct contribution to Crossrail project		
financed from in year BRS receipts	9.0	0.0
Billing authority collection costs	0.6	0.5
<b>Sub total funds applied in year</b>	<b>140.7</b>	<b>116.9</b>
Funds retained to meet future		
financing costs and debt repayment	78.3	102.1
Provision for rating appeals	4.5	4.5
<b>Total BRS Income Collected</b>	<b>223.5</b>	<b>223.5</b>

## Appendix H: Summary of Revenue Expenditure and Financing

### Council tax calculations

The difference between net revenue expenditure and the sum of grant funding from the Government and through retained business rates represents the amount to be raised from Council Taxpayers. This sum is recovered by issuing precepts on the City of London and the 32 London boroughs (i.e. the council tax requirement) which are the statutory billing authorities for Council Tax, national non domestic rates and the Crossrail Business Rate Supplement in the capital. The statutory calculation also includes the effect of the assumed £5.6 million collection fund surplus in respect of Council Tax for 2015-16 which would be paid over by billing authorities through an adjustment to the 2016-17 instalments.

There are two sets of Council Tax calculations because the Metropolitan Police District does not include the City of London which has its own police force. The unadjusted basic amount of council tax excludes the element for the Metropolitan Police District and equates to the precept payable by taxpayers in the City of London (i.e. the area of the Common Council). The adjusted basic amount of Council Tax includes the element for the Metropolitan Police District and equates to the precept payable by taxpayers in the 32 London boroughs.

Although the statutory arrangements only require a distinction to be made between police and other services, a summary of spending, funding and the resultant Council Tax attributable to each body is provided in the tables at the beginning of this Appendix. Details of the Council Tax requirement for police services and other services are set out below.

### Council tax requirement for police services

The estimated amount to be raised for police services is as follows:

<b>Council Tax for police services</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	
Net financing requirement	2,856.4	2,872.8	2,873.7	2,875.4
Government grants and Retained Business Rates	-2,289.9	-2,306.3	-2,305.4	-2,305.4
<b>Amount for police services</b>	<b>566.5</b>	<b>566.5</b>	<b>568.3</b>	<b>570.1</b>

This is equivalent to a **band D Council Tax of £206.79 for 2016-17 in the 32 London boroughs** (£208.87 in 2015-16).

### Council tax requirement for other services

The estimated amount to be raised for other services is as follows:

<b>Council Tax for other services</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
GLA, LFEP, LLDC, OPDC and TfL net expenditure	2,224.5	1,887.8	1,718.3	1,537.3
Government grants and Retained Business Rates	-1,959.3	-1,692.2	-1,516.9	-1,330.0
Share of borough net collection fund surplus/deficit	-31.0	-5.6	-5.6	-5.6
<b>Amount for other services</b>	<b>234.2</b>	<b>190.0</b>	<b>195.8</b>	<b>201.7</b>

This is equivalent to a **Band D Council Tax of £69.21 for 2016-17 in the City of London** (£86.13 in 2015-16).

## Appendix H: Summary of Revenue Expenditure and Financing

### Summary of proposed adjusted and unadjusted Council Tax by Band

The adjusted basic amount of council tax is therefore £276.00 for a Band D property (i.e. £206.79 for the Metropolitan Police plus £69.21 for non police services) – this applies to taxpayers in the 32 London boroughs.

### Adjusted Amount of Council Tax paid by taxpayers in the 32 London boroughs (£)

Band	2016-17	2015-16	Annual decrease
Band A	£184.00	£196.67	-£12.67
Band B	£214.67	£229.44	-£14.77
Band C	£245.33	£262.22	-£16.89
<b>Band D</b>	<b>£276.00</b>	<b>£295.00</b>	<b>-£19.00</b>
Band E	£337.33	£360.56	-£23.23
Band F	£398.67	£426.11	-£27.44
Band G	£460.00	£491.67	-£31.67
Band H	£552.00	£590.00	-£38.00

The provisional unadjusted basic amount of council tax is therefore £69.21 – this applies to council taxpayers in the City of London. They contribute separately through their Council Tax to the City of London Police.

### Unadjusted Amount of Council Tax paid by taxpayers in the City of London (£)

Band	2016-17	2015-16	Annual change
Band A	£46.14	£57.42	-£11.28
Band B	£53.83	£66.99	-£13.16
Band C	£61.52	£76.56	-£15.04
<b>Band D</b>	<b>£69.21</b>	<b>£86.13</b>	<b>-£16.92</b>
Band E	£84.59	£105.27	-£20.68
Band F	£99.97	£124.41	-£24.44
Band G	£115.35	£143.55	-£28.20
Band H	£138.42	£172.26	-£33.84

The unadjusted amount of Council Tax paid by taxpayers in the City of London is likely to change before the Mayor's final budget. The precise Band D amount will be dependent on the council taxbase, collection fund surplus data and retained business rates forecasts provided by billing authorities towards the end of January 2016.

## **Appendix H: Summary of Revenue Expenditure and Financing**

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### **Council Tax referendum thresholds**

On 17 December the Government published the draft regulations setting out the council tax referendum thresholds for 2016-17 – the ‘Referendums Relating to Council Tax Increases (Principles) (England) Report 2016/17.’ For the GLA a referendum would be required if the increase in either or both of the adjusted and unadjusted amounts of council tax was 2 per cent or higher.

The adjusted and unadjusted amounts of council tax proposed in this draft budget are both lower than the GLA’s estimate of the council tax referendum thresholds that will apply for 2016-17 (i.e. £300.87 – a 1.99 per cent increase on the adjusted amount for 2015-16 of £295.00 and £87.84 – a 1.99% increase on the unadjusted amount for 2015-16 of £86.13). The council tax levels proposed in this draft budget by the Mayor would therefore not trigger a Council Tax referendum in the 32 London boroughs and the area of the Common Council of the City of London on the basis of the draft regulations.

These regulations remain subject to formal approval by Parliament in early February 2016. The Mayor’s final draft budget proposals will have regard to the implications of any changes made by the Government to the draft principles before they are approved by Parliament.

The Home Secretary has set out that funding settlements for the Police include the assumption that police Council Tax requirements will be increased by 2 per cent over the lifetime of this Parliament, along with an assumption of growth in council taxbase (the assumption is 0.5 per cent in the 2016-17 settlement). This would take into account both the impact of changes in the Band D precept as well as movements in the tax base. As set out above the Mayor is proposing a small decrease in the Band D Council Tax precept for police services, albeit the Council Tax requirement in cash terms proposed for 2016-17 is the same as in 2015-16.

## **Appendix I: Funding Assumptions and Future Changes to Business Rates**

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### **Introduction**

This Appendix sets out the medium term funding outlook for the GLA Group in respect of Government grant, retained business rates and council tax taking into account the impact of the announcements in the 2015 Spending Review published in November 2015, and the Provisional Police, Fire and Local Government Finance Settlements published on 17 December 2015.

It also explains the underlying assumptions supporting the retained business rates forecasts and considers the potential impact of the move to 100 per cent business rates retention by 2020 announced by the Chancellor of the Exchequer in October 2015. This analysis highlights the degree of uncertainty which exists in respect of future years funding given the Government's commitment to focus on deficit reduction and the potential volatility in both council tax and business rates income.

### **2016-17 Provisional Local Government and Fire Finance Settlement**

The provisional 2016-17 Local Government Finance and Fire Settlement was published on 17 December and was subject to a four week consultation process which ended on 15 January. The settlement confirmed the provisional allocations of revenue support grant for English local and fire authorities for 2016-17 with indicative allocations for the next three years 2017-18, 2018-19 and 2019-20.

The GLA Group's provisional revenue support grant for 2016-17 is £168.1 million which is £5.6 million lower in cash terms than the corresponding figure for 2015-16 of £173.7 million. However this figure includes the 2015-16 council tax freeze grant of £9.5 million which is being baselined into revenue support grant from 2016-17 and therefore the like for like reduction in grant is £15.1 million or 8 per cent. Of the total revenue support grant allocation £128.5 million has been allocated to LFEPA, £2.5 million to the Assembly, £10.0 million to the GLA and £27.1 million to MOPAC.

The £27.1 million of revenue support grant funding allocated to MOPAC relates to prior year council tax freeze grant funding which has been rolled into the baseline. This figure represents the Government's estimated share of the council tax freeze grants which have been paid to the Mayor for 2011-12, 2013-14, 2014-15 and 2015-16 which have been consolidated into the revenue support grant baseline in addition to the £9.4 million which MOPAC is already receiving in respect of the 2011-12 freeze grant. This £9.4 million element was paid to MOPAC via revenue support grant in the Mayor's 2012-13 and 2013-14 budgets and then paid from 2014-15 through an uplift in its council tax requirement. The 2012-13 council tax freeze grant was paid on a one off basis in that financial year and was therefore not baselined into revenue support grant.

The apportionment of the GLA's revenue support grant by the Mayor takes into account the changes made to the baseline funding components and the need to deliver his commitment to LFEPA.

## **Appendix I: Funding Assumptions and Future Changes to Business Rates**

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The indicative revenue support grant allocations for 2017-18, 2018-19 and 2019-20 are proposed at this stage to be £148.5 million, £136.4 million and £127.9 million. These are purely indicative figures and are expected to be subject each year to formal approval by Parliament through the annual Local Government Finance Report. The Mayor's indicative allocations of revenue support grant for 2017-18 and 2018-19 across the GLA, Assembly and functional bodies are set out in Appendix G. The £27.1m MOPAC element is maintained at the same level each year in line with the provisional settlement figures issued by the Government.

The LLDC and OPDC are funded from GLA resources – however for planning purposes it is assumed that the above changes in the GLA's funding will not materially affect their resource allocation from the Mayor in the current spending review period.

The final local government finance settlement is expected to be issued by early February 2015 and the impact of any changes made will be reflected in the Mayor's final draft budget.

### **Council tax freeze grant**

No council tax freeze grant is payable in respect of 2016-17 council tax setting decisions. However as indicated above the freeze grants received in respect of previous years have been rolled into the revenue support grant baseline and will therefore be available in future years.

### **Home Office Police Grant Settlement and Impact on the Mayor's Office for Policing and Crime**

On 17 December the Home Office confirmed the general grant allocations for 2016-17 for Police and Crime Commissioners in England, for the Mayor's Office for Policing and Crime and the City of London Police. This included the police formula grant and general police grant allocations along with council tax support funding for local policing bodies and for MOPAC and the City of London police their National and International Capital City (NICC) allocations.

MOPAC has been allocated general police grant of £1,904.6 million in 2016-17 comprising £861.5 million of core grant, £749.8 million of former CLG formula grant, £119.7 million in council tax benefit legacy grant and £173.6 million in NICC funding. In addition as explained above, the Mayor has allocated £27.1 million of revenue support grant to MOPAC in respect of council tax freeze grant funding.

Final specific grant allocations for policing for 2016-17 will be confirmed by the Home Office in early 2016. This will include the allocations for counter-terrorism funding. In the settlement the Home Office confirmed that revenue funding for counter-terrorism nationally would be increased in real terms to £640 million. The allocations by force are not made publicly available, however.

Decisions on police funding for 2017-18 and future years were not announced. The Mayor has assumed that the general policing grant in 2017-18 and 2018-19 will remain at the same level as in 2016-17 in cash terms. However, there may be further consultation on changes to the police funding formula for 2017-18 onwards.

## **Appendix I: Funding Assumptions and Future Changes to Business Rates**

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### **Transport for London Funding Settlement with the Department for Transport**

In the Spending review the Department for Transport confirmed TfL's general (operating) grant for 2016-17 to 2018-19 alongside a longer term commitment to 2020-21 in respect of the investment grant element of its funding.

This budget assumes that £435.7 million of general (operating) GLA Transport grant will be received for the purposes of TfL in 2016-17. This is £240 million lower than the comparable grant for 2015-16. The allocation for 2017-18 is £216.7 million and for 2018-19 is zero. These figures exclude the investment grant element of the GLA Transport grant (£925 million in 2016-17) which is applied for capital purposes and is reflected in TfL's draft capital spending plan. TfL also receives other revenue and capital specific grants for specific programmes and projects which are agreed separately.

### **Current information on funding allocations announced for the 2016-17 financial year**

The table on the following page summarises the latest position on the status of the grant settlement information for the next three years across the GLA Group – and also indicates the areas of uncertainty moving forward. It confirms the primary components and sources of each functional body's funding from Central Government and what information has been issued to date.

### **Funding Assumptions for Retained Business Rates for 2016-17**

In April 2013, the Government changed the way in which local government is funded through the introduction of the business rates retention scheme. The GLA receives 20 per cent of the business rates income collectable in London and retains 73 per cent of any growth above its baseline set at the start of the system which is uprated annually by the increase in the non domestic rating multiplier. From the income remaining it is required to make an annual tariff payment to the Government equivalent to the difference between its assessed funding needs as determined by the Government and uprated business rates baseline. The remaining revenue after the tariff and – if applicable – levy payments are available to support GLA services.

The GLA receives its business rates income directly from the 33 London billing authorities and is dependent on their forecasts and collection rates for the retained rates income it receives. The accounting and reporting arrangements operate on a similar basis to council tax – with a budgeted forecast being used to determine in year instalments with any variations in the forecast outturn (whether a surplus or deficit) being adjusted for in the following year's instalments.

In calculating the forecast revenues for 2016-17 the Mayor has assumed a 1 per cent rise in the property taxbase in London and a further 0.8 per cent uprating of the multiplier in line with September 2015 RPI. The Mayor's draft budget assumes that the GLA's share of total business rates income – including any section 31 grants for any government funded reliefs – will be £1,435.8 million. In addition it is estimated that of the residual £118 million forecast shortfall in revenues at 31 March 2015 compared to the sums allocated for services in 2013-14 and 2014-15 around £72.5 million is still to be recovered by billing authorities. For the purposes of the draft budget therefore this is estimated to be the collection fund deficit in respect of business rates for 2015-16. This would be recovered by billing authorities through an adjustment to their 2016-17 instalment payments.

## Appendix I: Funding Assumptions and Future Changes to Business Rates

### Information on Government funding settlements for the GLA and each Functional Body for 2016-17 to 2018-19 at date draft budget published

Functional Body	Sources of Core Central Government Funding	2016-17	2017-18	2018-19
<b>GLA</b>	GLA general grant (DCLG) and other funding paid via Revenue Support Grant (RSG)	Yes	Yes	Yes
	GLA Housing capital funding	Partial	Partial	Partial
<b>MOPAC</b>	Home Office Police grant	Yes	No	No
	Home Office Specific grants (including counter-terrorism funding)	No	No	No
	Legacy Council tax support	Yes	No	No
<b>LFEPA</b>	Fire formula grant and other funding paid via Revenue Support Grant and fire revenue grant (DCLG)	Yes	Yes	Yes
<b>TfL</b>	Transport grant (DfT)	Yes	Yes	Yes
	Investment grant	Yes	Yes	Yes
	Other specific grants	Yes	No	No
<b>LLDC/OPDC</b>	Via GLA General grant	N/A	N/A	N/A
<b>Council tax freeze grant for 2011-12, 2013-14 and 2014-15</b>	Rolled into RSG in prior years	Yes (rolled into RSG)	N/A	N/A
<b>Council tax freeze grant for 2015-16</b>	Rolled into RSG in 2016-17	Yes (rolled into RSG)	N/A	N/A

## **Appendix I: Funding Assumptions and Future Changes to Business Rates**

Of the assumed retained business rates income, £358.6 million will be paid to the Secretary of State in respect of the GLA's tariff payment and there would be a forecast levy payment on assumed growth against baseline of £9.4 million. This leaves an estimated £1,067.9 million available to support services and/or to transfer to the Mayor's resilience reserve to meet potential future funding challenges.

Billing authorities are required to submit their business rates forecasts for 2016-17 by 31 January which will include an updated estimate of the sums they expect to collect in 2015-16 as well as the sums they expect to collect in 2016-17. The impact of these will be reflected in the Mayor's final draft budget in February 2016.

Taking these factors into account the Mayor has decided to budget on the basis that TfL will receive a 0.8 per cent increase in its retained rates baseline funding in line with September 2015 RPI – with an indicative increase of 2.3 per cent assumed for the following two years. This assumes that the cost of the additional rates reliefs announced in the 2013, 2014 and 2015 Autumn statements which continue to affect revenues in 2016-17 will continue to be funded by the Government. LFEPA's notional business rates revenue within its committed Mayoral cash allocation for 2016-17 is also being increased by around 0.8 per cent. However this allocation is expected to increase for 2017-18 and 2018-19 assuming the current funding allocation is maintained to offset the impact of reductions in revenue support grant.

In the Autumn Statement the Chancellor announced the extension of the small business double rate relief scheme for 2016-17 although there are no plans to extend the retail and new build empty property relief schemes which were in place for 2015-16. The GLA expects to receive at least £27 million in section 31 grants for the comparable reliefs in 2016-17 although more precise estimates will not be available until billing authorities submit their forecasts in January 2016. This is lower than the £39 million forecast for 2015-16 due primarily to the expected ending of retail relief – albeit the effects of this do not alter the total sums receivable by the GLA as ratepayers would simply see an increase in their rates liability to offset the ending of any temporary reliefs granted in 2016-17. DCLG is expected to confirm the arrangements for paying the section 31 grants to cover the cost of those reliefs it is committed to fund in early 2016.

### **Funding Assumptions for Retained Business Rates for 2017-18 and 2018-19 Reflecting the Forecast Impact of the 2017 Revaluation**

A new rating list will be introduced from April 2017 based on estimated rateable values at 1 April 2015. In line with rating agents' estimates the GLA has assumed that the average increase in rateable value in London will be 7.5 per cent but across England there will be a reduction averaging 3 per cent.

The effect of this will be to cause the business rates multiplier to increase to ensure the tax take remains unchanged in real terms – as is required following a revaluation under existing legislation. This assumption means that rates bills in London – before transitional relief – would on average increase by up to 10 per cent. It is anticipated however that this will not be uniform across the capital with some boroughs typically seeing reductions but with significant rises seen in parts of central and east London reflecting relative movements in rental values since April 2008 – the valuation date on which the current 2010 rating list is based.

## **Appendix I: Funding Assumptions and Future Changes to Business Rates**

Under the rates retention system the effect on rates income arising from the changes in rateable values resulting from the introduction of a new rating list at a revaluation are not retained/borne locally. This is because no additional revenue is generated and this would remove the benefit of any growth seen since the system was introduced for areas where rates bills were declining because of a relative decline in rental levels since the previous revaluation.

At a revaluation tariff and top up payments for each authority are adjusted to neutralise the impact of the revaluation. In order to allow for the expected average increase in underlying rates bills in London the GLA is forecasting that its tariff payment would on the basis of the above assumptions increase by just under £147 million from £358.6 million to £505.3 million in 2017-18. Bearing in mind that the GLA's share of business rates is only 20 per cent this implies that London's aggregate rates income would increase by nearly £750 million in 2017-18 in real terms – offset by a net reduction in liabilities in the rest of England.

Little or none of this additional revenue collected from London ratepayers would be retained locally for investment in services as it would be transferred to the rest of England via lower tariff or higher top up payments for authorities in areas where rates income is declining. This does create a potential risk as the GLA is committed to fund this additional tariff payment irrespective of whether this is matched exactly by the uplift in actual rates income following the revaluation. This is because the determination of the tariff payment is made with reference to the estimated baseline rates income when the retention system was introduced in 2013-14 rather than the actual sums collected by London billing authorities in 2016-17.

In determining the rates income forecasts it has also been assumed that the RPI figure used for the purposes of uprating the business rates multiplier for 2017-18 and 2018-19 will be 2.3 per cent. The proposed allocations of forecast business rates income for those years are set out in the relevant sections for the GLA, Assembly, TfL and LFEPA. For TfL the allocations are assumed to increase in line with this inflation assumption whereas for the GLA, Assembly and LFEPA they vary having regard to the profiling of revenue support grant and the Mayor's indicative allocations for council tax.

There are other potential uncertainties which could affect business rates income beyond 2017-18. Firstly, the Government is due to publish the conclusions of its long term review of business rates in the March 2016 Budget. This could result in changes to the method of valuing properties, the frequency and timing of revaluations and the basis for uprating the multiplier annually. The Government is also consulting on proposals to reform the business rates appeals system and increase the data to which local authorities will have access to so that they can improve their forward planning. These changes in relation to the appeals process are being implemented through the Enterprise Bill which is expected to achieve Royal Assent during 2016.

In addition, the Government announced in October 2015 that by 2020 100 per cent of business rates income will be devolved to local authorities and that the national uniform business rate (or multiplier) will be abolished. It is expected that the power to reduce the multiplier will be devolved to individual local authorities. In addition core government grant funding – primarily revenue support grant – will cease. The Government is expected to issue a consultation paper setting out its proposals during 2016.

## **Appendix I: Funding Assumptions and Future Changes to Business Rates**

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At this stage it is too early to assess the potential implications of this change which is unlikely to be introduced before 2018-19 at the earliest. This draft budget does not therefore include any adjustments to take into account the impact of these potential reforms. The Government has however stated that it is plans to consult on transferring TfL's capital funding (i.e. its investment grant), public health grant, housing benefit administration funding for pensioners and in addition the payment of Attendance allowance into the 100 per cent devolved system.

The GLA is managing the ongoing risks associated with rates retention funding through the use of the Mayor's Resilience Reserve. In considering the amount required to be retained in the Mayor's Resilience Reserve the Executive Director of Resources is mindful of the experience of the volatility in income from this source between the forecast and outturn in the first two years of the rates retention scheme. This has led to a judgement that a minimum of £40 million should be maintained in the reserve to allow for the difference between forecast (i.e. budgeted) and the actual revenues collected by boroughs each year. At a later stage the additional potential risk that revenues may be insufficient to meet the expected higher tariff payment from 2017-18 following the April 2017 revaluation will need to be considered.

The detail of the new devolved system is not yet known and the extent to which the GLA will be more exposed to volatility in business rates income. Further, it is not yet clear to what extent new responsibilities will be devolved to the GLA and London boroughs or the share of rates income which will be allocated to each tier. These unknown factors will impact on the judgements which will need to be made as to the level of revenues which will need to be held in the Resilience Reserve in future years. These issues will be closely monitored and further advice will be developed for shaping the future strategy for this Reserve.

The Mayor will review his assessment of retained business rates revenues prior to the publication of his final draft budget taking into account the updated forecasts for 2015-16 and provisional estimates for 2016-17 submitted by the 33 London billing authorities by 31 January 2016.

### **Council tax assumptions**

Each London billing authority will be required to determine its proposed council tax support and council tax base for 2016-17 by 31 January 2016 – and reflect the discounts in its council tax base which will be used for tax setting by it and the GLA. They will also be required to provide an estimated collection fund surplus or deficit outturn calculation for 2015-16 for council tax taking into account expected collection rates.

The Mayor's draft budget assumes a 1 per cent council tax base increase in 2016-17 and subsequent years and at this stage a £5.6 million collection fund surplus estimate. He will review his assessment prior to the publication of his final draft budget taking into account the council tax base and collection fund data submitted by the 33 London billing authorities at the end of January 2016.

## **Appendix I: Funding Assumptions and Future Changes to Business Rates**

In 2017-18 and 2018-19 it is assumed for the purposes of the current Mayor's budget as stated above that the council tax at Band D in the 32 boroughs will remain at £276 in both years and that the council taxbase will increase by 1 per cent year on year. It will be for the next Mayor to determine the council tax requirement and Band D council taxes in those years.

In both years the indicative council tax requirement for MOPAC has been increased by £1.8 million year on year to £568.3 million and £570.1 million respectively. This increase is necessary on the basis of these assumptions in order to ensure that after allowing for the assumed 1 per cent increase in council tax base in both years the Band D precept in the City of London (non police services) increases by less than the 2 per cent referendum threshold. If the MOPAC requirement was maintained at the level of £566.5 million proposed for 2016-17 the non police precept would need to be increased by £2.05 in 2017-18 and then £2.03 in 2018-19 in order to maintain the same total £276 Band D council tax. Both of these sums would exceed the maximum increase in the part of the precept paid by residents of the City of London - £1.38 and £1.40 – in each year above which a referendum would be required under the 2 per cent threshold expected to be set by the Government.

In order therefore to avoid the risk of triggering a referendum on the basis of the Mayor's indicative plans for those years the proposed council tax requirements would maintain the total precept at £276 for residents of the 32 boroughs but result in the Band D tax payable in the City being £70.58 and £71.99 – equivalent to the maximum permitted 1.99 per cent increase year on year compared to the provisional 2016-17 precept of £69.21.

If the current referendum thresholds are retained these are likely to constrain a future Mayor in his or her ability to allocate additional council tax resources for non police services – this being the precept payable by the relatively small number of taxpayers in the Corporation of London area. The maximum permitted 1.99 per cent or £1.38 increase in the non police precept in 2017-18 would for example raise less than £4 million compared to the gross revenue expenditure for non police services of nearly £8 billion. The GLA will wish to lobby the Government to introduce a monetary as well as a percentage cap – similar to that granted to police forces with low Band D council taxes from 2016-17 – of say £5 in respect of the non police element of the element of the precept. This would still offer significant protection to the relatively small number of taxpayers in the City of London while granting the Mayor greater flexibility over his budget across the whole of London.

### **Conclusion**

The new financial regime introduced in April 2013 has already had a profound impact on the GLA's budget when set alongside the challenges arising from delivering the Government's austerity programme across the Group. It creates both opportunities and risks with the business rates retention scheme in particular representing an important step towards delivering greater financial devolution for the capital. These will only increase as a result of the expected movement towards 100 per cent business rates retention by 2020.

## **Appendix I: Funding Assumptions and Future Changes to Business Rates**

Due to the fact that there are ongoing concerns about the potential volatility and accuracy of the council tax and business rates tax base estimates which billing authorities will be able to provide, the GLA created a Mayor's Resilience Reserve to help manage these risks over the medium term and to provide a degree of certainty to Functional Bodies. Additional risk and uncertainty also arises because of the potential impact of the 2017 rates revaluation.

The impact of the council tax, grant and business rates assumptions on each member of the GLA Group in terms of their forecast funding allocations is reflected in the financial tables included in Appendix G of this document. However, these assumptions are purely indicative at this stage for 2017-18 onwards until the Government's proposals become clearer.

The Mayor's final draft budget will provide updated figures reflecting the final local government, fire and police settlements once approved by Parliament and the impact of the council tax base and business rates retention forecasts provided by the 33 London billing authorities by the end of January 2016.

## Appendix J: Key Dates

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<b>27 January 2016</b>	Mayor presents his draft consolidated budget to the London Assembly
<b>22 February 2016</b>	Mayor to present his final draft consolidated budget to the London Assembly
<b>28 February 2016</b>	Statutory deadline for the Mayor to approve his precept and council tax requirement and notify London billing authorities
<b>28 February 2016</b>	Statutory deadline for the Mayor to approve the final Capital Spending Plan for 2016-17 and notify the Secretary of State for Communities and Local Government.
<b>31 March 2016</b>	Statutory deadline for the Mayor to approve the Authorised Limit for external debt (borrowing) for the functional bodies and the GLA alongside the Prudential Indicators and Capital Financing Requirements required by statute.

## **Appendix K: Material Amendments Compared to Consultation Budget**

### **SUMMARY OF CHANGES COMPARED TO CONSULTATION BUDGET**

Note: This list addresses material changes to the budget compared to the consultation document and does not include minor typographical or wording changes which do not affect the substance of the budget proposals. Paragraph references generally relate to the numbering in this document, not the Budget consultation document.

**Mayor's Foreword:** Deleted – superseded by Mayor's Background Statement.

#### **Section 1 – Introduction and Summary**

Table 1.5 LFEPA and MOPAC Gross revenue expenditure for 2016-17 amended  
Paragraphs 1.20 and 1.25 – updated and superseded.

#### **Section 2 – Greater London Authority (Mayor)**

GLA statutory and basic council tax requirement adjusted by £0.1 million to £43.2 million and £48.8 million in objective analysis to ensure consistency with statutory calculations in part 1.  
Paragraph 2.26 Additional text on assumptions made in relation to forecasting MRR balances.

#### **Section 3 – London Assembly**

None

#### **Section 4 – Mayor's Office for Policing and Crime**

Paragraph 4.1 Four year period of MOPAC's Police and Crime Plan updated to read 2013-2016.

Paragraph 4.3 – Additional bullet point added regarding Safer Neighbourhood Boards.

Last bullet point – funding for Crime Reduction projects amended from £40 million to £69 million.

New initiatives paragraphs 4.14 to 4.15 amended.

Updated objective analysis table under paragraph 4.9 relating to allocation of expenditure that had been labelled as 'expenditure funded from reserves' in the budget consultation document across the appropriate business groups.

Additional text under paragraphs 4.14 to 4.16 providing further details on what is included in 'expenditure on new initiatives and net changes to existing services'.

#### **Section 5 – London Fire and Emergency Planning Authority**

Paragraph 5.10 – Relevant text and objective analysis figures amended for 2016-17 in table.

Paragraph 5.14 – Updated to reflect changes in contribution to reserves in 2016-17 from consultation budget 2016-17.

Paragraphs 5.23 – 5.25 – Updated to reflect latest information from LFEPA and change in forecast closing reserves balance at 31 March 2017.

## **Appendix K: Material Amendments Compared to Consultation Budget**

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### **Section 6 – Transport for London**

None

### **Section 7 – LLDC**

Confirmation of amount of Government funding for Olympicopolis set out in the Chancellor's Autumn Statement included under paragraph 7.6.

Text under paragraph 7.14 updated to reflect fact that savings include those in relation to management of Queen Elizabeth Olympic Park.

### **Section 8 – OPDC**

None

### **Section 9 – Capital Spending Plan**

Paragraph 9.7 wording on police capital programme amended.

### **Appendices**

#### **Appendix A (GLA)**

Table 1 GLA statutory and basic council tax requirement adjusted by £0.1 million to £43.2 million and £48.8 million in objective analysis to ensure consistency with statutory calculations in part 1

#### **Appendix B (MOPAC)**

None

#### **Appendix C (LFEPA)**

LFEPA subjective analysis table 1 amended for 2016-17 to reflect changes in Section 5

#### **Appendix D (TfL)**

None

#### **Appendix E (LLDC)**

None

#### **Appendix F (OPDC)**

None

#### **Appendix G (Savings and Efficiencies)**

LFEPA figures revised to reflect changes in Section 5

#### **Appendix H (Summary of Expenditure and Financing)**

LFEPA gross expenditure and use of reserves amended in first table

Marginal change of £0.1 million relating to rounding changes for MOPAC net expenditure before use of reserves and use of reserves in first table under introduction

An additional Crossrail BRS memorandum table has been provided to explain the application of BRS funds for 2015-16 and 2016-17.

#### **Appendix I (Funding Assumptions and Future Changes to Business Rates)**

None



